

MONTANA LEGISLATIVE HISTORY

Chapter 467 19

Bill H S 335 Original bill & history ☒ c

H. Committee on Business & Industry S. Committee on Judiciary

Hearing Date(s) 3-11 C Out Hearing Date(s) 2-14 C

 C Out 2-19 C

 C C

 C C

Date Out C

Did this bill originate in an interim committee? Yes No

Committee

Report

RETURNED TO SENATE: 3/26

TRANSMITTED TO GOVERNOR: 4/3/81

ACTION: 4/8, SIGNED

CHAPTER 303

SB 335 -- HAZELBAKER -- ADOPTING A NEW DEFINITION MARINE, INLAND MARINE, AND TRANSPORTATION INSURANCE.

INTRODUCED AND REFERRED TO COMMITTEE ON JUDICIARY: 1/30

HEARING: 2/14

REPORT: 2/19, DO PASS AS AMENDED

2ND READING: 2/21, DO PASS

3RD READING: 2/25, YEAS: 49; NAYS: 0

TRANSMITTED TO HOUSE: 2/25

REFERRED TO COMMITTEE ON BUSINESS AND INDUSTRY: 3/3

HEARING: 3/11

REPORT: 3/11, BE CONCURRED IN

ON MOTION, 3/21, PASSED FOR THE DAY.

2ND READING: 3/24, AS AMENDED -- YEAS: 86; NAYS: 0

ON MOTION, 3/27, RECOMMITTED TO 2ND READING

2ND READING: 3/28, AS AMENDED -- YEAS: 68; NAYS: 2

3RD READING: 3/31, YEAS: 85; NAYS: 10

RETURNED TO SENATE WITH AMENDMENTS: 3/31

2ND READING: 4/10, BE CONCURPED IN

ON MOTION, 4/11, RULES SUSPENDED, PLACED ON 3RD READING

3RD READING: 4/11, YEAS: 47; NAYS: 0

TRANSMITTED TO GOVERNOR: 4/16/81

ACTION: 4/21, SIGNED

CHAPTER 467

SB 336 -- RYAN, TOWE, MAZUREK -- ALLOWING THE BOARD OF PARDONS TO DELEGATE CERTAIN HEARING FUNCTIONS.

INTRODUCED AND REFERRED TO COMMITTEE ON JUDICIARY: 1/30

HEARING: 2/14

REPORT: 2/14, DO PASS

2ND READING: 2/18, DO PASS AS AMENDED

3RD READING: 2/20, YEAS: 46; NAYS: 2

TRANSMITTED TO HOUSE: 2/20

REFERRED TO COMMITTEE ON JUDICIARY: 2/21

HEARING: 3/16

REPORT: 3/16, BE CONCURRED IN

2ND READING: 3/21, YEAS: 89; NAYS: 0

3RD READING: 3/24, YEAS: 96; NAYS: 0

RETURNED TO SENATE: 3/24

TRANSMITTED TO GOVERNOR: 3/28/81

ACTION: 4/1, SIGNED

CHAPTER 234

SB 337 -- BEGAN, BLAYLOCK, TOWE, ET AL -- PROVIDING PROPERTY TAX RELIEF FOR HOMEOWNERS AND RENTERS BY ALLOWING AN INCOME TAX CREDIT.

FISCAL NOTE: REQUIRED

INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION: 1/30

HEARING: 2/12

REPORT: 3/23, DO PASS

FORTY-SEVENTH LEGISLATIVE SESSION

COMMITTEE ON JUDICIARY

<u>SENATE</u> BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS <u>DATE</u>	DO NOT PASS <u>DATE</u>	DO PASS AS AMEND. <u>DATE</u>	BE CON- CURRED IN <u>DATE</u>	BE CONC. IN AS AMENDED <u>DATE</u>	BE NOT CON- CURRED IN <u>DATE</u>
SB 311	1/28/81	2/09/81	2/11/81	2/11/81					
SB 312	1/28/81	2/09/81	2/11/81	2/11/81					
SB 315	1/29/81	2/16/81	tabled						
SB 316	1/29/81	2/05/81	2/05/81			2/05/81			
SB 319	1/29/81	2/05/81	2/05/81			2/05/81			
SB 323	1/29/81	pulled at request	of sponsor						
SB 329	1/30/81	2/16/81	2/19/81		2/19/81				
SB 334	1/30/81	2/17/81	2/19/81	2/19/81					
SB 335	1/30/81	2/14/81	2/19/81			2/19/81			
SB 336	1/30/81	2/14/81	2/14/81	2/14/81					
SB 341	1/30/81	2/14/81	2/14/81	2/14/81					
SB 342	1/31/81	2/10/81	2/11/81	2/11/81					
SB 364	2/04/81	2/17/81	2/18/81		2/18/81				
SB 369	2/05/81	2/13/81	2/18/81		2/18/81				
SB 381	2/06/81	2/17/81	2/19/81		2/19/81				
SB 400	2/07/81	2/14/81	2/14/81	2/14/81					

Use a separate sheet for Senate, House Bills, and Resolutions.

SENATE BILL NO. 335

INTRODUCED BY HAZELBAKER

BY REQUEST OF THE INSURANCE DEPARTMENT

IN THE SENATE

January 30, 1981	Introduced and referred to Committee on Judiciary.
February 19, 1981	Committee recommend bill do pass as amended. Report adopted.
February 20, 1981	Bill printed and placed on members' desks.
February 21, 1981	Second reading, do pass.
February 24, 1981	Correctly engrossed.
February 25, 1981	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

March 3, 1981	Introduced and referred to Committee on Business and Industry.
March 12, 1981	Committee recommend bill be concurred in. Report adopted.
March 21, 1981	Motion pass consideration.
March 24, 1981	Second reading, concurred in as amended.
March 27, 1981	On motion to take from third reading and refer to second reading this day. Motion adopted.

March 28, 1981

Second reading, concurred in
as amended.

March 30, 1981

On motion rules suspended and
bill allowed to be transmitted
on 71st legislative day. Motion
adopted.

March 31, 1981

Third reading, concurred in
as amended. Ayes, 85; Noes, 10.

IN THE SENATE

April 1, 1981

Returned from House with
amendments.

April 10, 1981

Second reading, amendments
concurred in.

April 11, 1981

Third reading, amendments
concurred in. Ayes, 47;
Noes, 0. Sent to enrolling.

Reported correctly enrolled.

1 *Sen. 335* BILL NO. 335
2 INTRODUCED BY *Sen. 335*
3 BY REQUEST OF THE INSURANCE DEPARTMENT
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ADOPT A NEW
6 DEFINITION OF MARINE, INLAND MARINE, AND TRANSPORTATION
7 INSURANCE; DESCRIBING THE KINDS OF RISKS AND COVERAGES THAT
8 MAY BE INSURED BY MARINE, INLAND MARINE, OR TRANSPORTATION
9 INSURANCE POLICIES; AMENDING SECTIONS 2-18-809, 33-2-705,
10 AND 33-17-504, MCA; AND REPEALING SECTION 33-1-209, MCA."
11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 NEW SECTION. Section 1. Short title. [Sections 1
14 through 9] may be cited as the "Nationwide Inland Marine
15 Definition Act".

16 NEW SECTION. Section 2. Purpose. (1) The purpose of
17 [sections 1 through 9] is to describe the kinds of risks and
18 coverages which may be classified or identified under state
19 insurance laws as marine, inland marine, or transportation
20 insurance, but [sections 1 through 9] do not include all of
21 the kinds of risks and coverages which may be written,
22 classified, or identified under marine, inland marine, or
23 transportation insuring powers. [Sections 1 through 9] may
24 not be construed to mean that the kinds of risks and
25 coverages described herein are solely marine, inland marine,

1 or transportation insurance in all instances.

2 (2) [Sections 1 through 9] may not be construed to
3 restrict or limit in any way the exercise of any insuring
4 powers granted under charters and licenses whether used
5 separately, in combination, or otherwise.

6 NEW SECTION. Section 3. Imports. Imports may be
7 covered by marine, inland marine, and transportation
8 policies subject to the following conditions:

9 (1) Imports are covered wherever they are located,
10 without restriction as to time, provided the coverage of the
11 issuing companies includes hazards of transportation.

12 (2) Property is an import and the proper subject of
13 marine, inland marine, or transportation insurance as long
14 as the property remains segregated in such a way that it can
15 be identified and has not become incorporated into and mixed
16 with the general mass of property in the United States;
17 property ceases to be an import and the proper subject of
18 marine, inland marine, or transportation insurance when it
19 has been:

20 (a) sold and delivered by the importer, factor, or
21 consignee;

22 (b) removed from its place of storage and placed on
23 sale as part of an importer's stock in trade at a point of
24 sale or distribution; or

25 (c) delivered for manufacture, processing, or change

1 in form to premises of the importer or another, to be used
2 for such purposes.

3 **NEW SECTION.** Section 4. Exports. Exports may be
4 covered by marine, inland marine, and transportation
5 policies subject to the following conditions:

6 (1) Exports are covered wherever they are located,
7 without restriction as to time, provided the coverage of the
8 issuing companies includes hazards of transportation.

9 (2) Property is an export and the proper subject of
10 marine, inland marine, or transportation insurance when
11 designated or while being prepared for export and remains an
12 export unless diverted for domestic trade. If the property
13 is diverted for domestic trade, the provisions of [section
14 5] apply. This section does not apply to long established
15 methods of insuring certain commodities such as cotton.

16 **NEW SECTION.** Section 5. Domestic shipments. Domestic
17 shipments may be covered by marine, inland marine, and
18 transportation policies subject to the following conditions:

19 (1) Domestic shipments on consignment for sale,
20 distribution, exhibit, trial, approval, or auction may be
21 covered while in transit, while in the custody of others,
22 and while being returned, except that the policy may not
23 cover property while it is on premises owned, leased, or
24 operated by the consignor.

25 (2) Domestic shipments not on consignment may be

1 covered if the coverage of the issuing companies includes
2 hazards of transportation beginning and ending within the
3 United States. Such shipments are not covered at the
4 manufacturing premises or after arrival at premises owned,
5 leased, or operated by the assured or the purchaser.

6 **NEW SECTION.** Section 6. Instrumentalities of
7 transportation and commerce. Bridges, tunnels, and other
8 instrumentalities of transportation and communication
9 (excluding buildings and improvements, furniture,
10 furnishings, fixed contents, and supplies held in storage)
11 may be covered by marine, inland marine, and transportation
12 policies. This category includes:

13 (1) bridges, tunnels, and other similar
14 instrumentalities, including auxiliary facilities and
15 equipment attendant thereto;

16 (2) piers, wharves, docks, slips, drydocks, and marine
17 railways;

18 (3) pipelines, including on-line propulsion,
19 regulating, and other equipment appurtenant to such
20 pipelines but excluding all property at manufacturing,
21 producing, refining, converting, treating, or conditioning
22 plants;

23 (4) power transmission, telephone, and telegraph
24 lines, excluding all property at generating, converting, or
25 transforming stations, substations, and exchanges;

(5) radio and television communication equipment in use as such, including towers and antennas with auxiliary equipment, and appurtenant electrical operating and control apparatus; and

(6) outdoor cranes, loading bridges, and similar equipment used to load, unload, and transport.

NEW SECTION. Section 7. Personal property. Risks generally covered by personal property floaters covering individuals or items of personal property may be covered by marine, inland marine, and transportation policies. This category includes:

- (1) personal effects floater policies;
- (2) personal property floaters;
- (3) government service floaters;
- (4) personal fur floaters;
- (5) personal jewelry floaters;
- (6) wedding present floaters for a period not exceeding 90 days after the date of the wedding;
- (7) silverware floaters;
- (8) fine arts floaters covering paintings, etchings, pictures, tapestries, art glass windows, and other bona fide works of art of rarity, historical value, or artistic merit;
- (9) stamp and coin floaters;
- (10) musical instrument floaters. For purposes of this section, radios, televisions, record players, and

combinations thereof are not musical instruments.

(11) mobile articles, machinery, and equipment floaters (excluding motor vehicles designed for highway use and motor homes, trailers, and semitrailers except when hauled by tractors not designed for highway use) covering identified property of a mobile or floating nature pertaining to or usual to a household. Such policies shall not cover furniture and fixtures not customarily used away from premises where such property is usually kept.

(12) installment sales and leased property policies covering property pertaining to a household and sold under conditional contract of sale, partial payment contract, or installment sales contract or leased but excluding motor vehicles designed for highway use. Such policies must cover property in transit but shall not extend beyond the termination of the seller's or lessor's interest; and

(13) live animal floaters.

NEW SECTION. Section 8. Commercial property. Risks generally covered by commercial property floaters covering property pertaining to a business, profession, or occupation may be covered by marine, inland marine, and transportation policies. This category includes:

- (1) radium floaters;
 - (2) physicians' and surgeons' instrument floaters.
- Such policies may include coverage of such furniture,

1 fixtures, and tenant assured's interest in such improvements
2 of buildings as are located in that portion of the premises
3 occupied by the assured in the practice of his profession.

4 (3) pattern and die floaters;

5 (4) theatrical floaters, excluding buildings and
6 improvements, furniture, and fixtures that do not travel
7 about with theatrical troupes;

8 (5) film floaters, including a builders' risk during
9 the production and coverage on completed negatives,
10 positives, and sound records;

11 (6) salesman's samples floaters;

12 (7) exhibition policies on property while it is on
13 exhibition and in transit to or from such exhibitions;

14 (8) live animal floaters;

15 (9) builders' risks and installation risks policies
16 covering the interest of owner, seller, or contractor
17 against loss or damage to machinery, equipment, building
18 materials, or supplies being used with and during the course
19 of installation, testing, building, renovating, or
20 repairing. These policies may cover property at points or
21 places where work is being performed, while in transit, and
22 during temporary storage or deposit of property designated
23 for an awaiting specific installation, building, renovating
24 or repairing. Such coverage is limited to builders' risks
25 or installation risks where perils in addition to fire and

1 extended coverage are to be insured. If written for the
2 account of the owner, the coverage ceases upon completion of
3 work and acceptance thereof; or if written for the account
4 of a seller or contractor the coverage terminates when the
5 interest of the seller or contractor terminates.

6 (10) mobile articles, machinery, and equipment floaters
7 (excluding motor vehicles designed for highway use and auto
8 homes, trailers, and semitrailers except when hauled by
9 tractors not designed for highway use and snowplows
10 constructed exclusively for highway use) covering identified
11 property of a mobile or floating nature, not on sale or
12 consignment or in the course of manufacture, that has come
13 into custody or control of parties who intend to use such
14 property for which it was manufactured or created. Such
15 policies may not cover furniture and fixtures not
16 customarily used away from premises where such property is
17 usually kept.

18 (11) property in transit to or from and in the custody
19 of bailees (not owned, controlled, or operated by the
20 bailor), but such policies may not cover the bailee's
21 property at his premises.

22 (12) installment sales and leased property policies
23 covering property sold under conditional contract of sale,
24 partial payment contract or installment sales contract or
25 leased, but excluding motor vehicles designed for highway

1 use. These policies must cover property in transit but may
2 not extend beyond the termination of the seller's or
3 lessor's interest. This subsection does not include
4 machinery and equipment under certain "lease-back"
5 contracts.

6 (13) garment contracts' floaters;

7 (14) furriers' or fur storers' customer's policies,
8 which are policies under which certificates or receipts are
9 issued by furriers or fur storers, covering specified
10 articles that are the property of customers;

11 (15) accounts receivable policies and valuable papers
12 and records policies;

13 (16) floor plan policies, covering property for sale
14 while in possession of dealers under a floor plan or any
15 similar plan under which the dealer borrows money from a
16 bank or lending institution to pay the manufacturer, if:

17 (a) the merchandise is specifically identifiable as
18 encumbered to the bank or lending institution;

19 (b) the dealer's right to sell or otherwise dispose of
20 the merchandise is conditioned upon its being released from
21 encumbrance by the bank or lending institution; and

22 (c) the policies cover property in transit and do not
23 extend beyond the termination of the dealer's interest;

24 (17) sign and street clock policies, including neon
25 signs, automatic or mechanical signs, and street clocks,

1 while in use as such;

2 (18) fine arts policies covering paintings, etchings,
3 pictures, tapestries, art glass windows and other bona fide
4 works of art of rarity, historical value or artistic merit,
5 for account of museums, galleries, universities, businesses,
6 municipalities, and other similar interests;

7 (19) policies covering personal property, which may
8 include coverage of money in locked safes or vaults on the
9 assured's premises and may also include coverage of
10 furniture, fixtures, tools, machinery, patterns, molds,
11 dies, and a tenant insured's interest in improvements of
12 buildings, which when sold to the ultimate purchaser may be
13 covered specifically by the owner under inland marine
14 policies including:

15 (a) musical instrument dealers' policies, covering
16 property consisting principally of musical instruments and
17 their accessories, but radios, televisions, record players,
18 and combinations of them are not musical instruments for the
19 purposes of this subsection.

20 (b) camera dealers' policies covering property
21 consisting principally of cameras and their accessories;

22 (c) furrier dealers' policies covering property
23 consisting principally of furs and fur garments;

24 (d) equipment dealers' policies covering mobile
25 equipment consisting of binders, reapers, tractors,

1 harvesters, harrows, tedders, and other similar agricultural
2 equipment and accessories therefor; construction equipment
3 consisting of bulldozers, road scrapers, tractors,
4 compressors, pneumatic tools, and similar equipment and
5 accessories therefor, but excluding motor vehicles designed
6 for highway use;

7 (e) stamp and coin dealers' policies covering property
8 of philatelic and numismatic nature;

9 (f) jewelers' block policies; and

10 (g) fine arts dealers' policies;

11 (20) wool growers' floaters;

12 (21) domestic bulk liquids policies covering tanks and
13 domestic bulk liquids stored therein;

14 (22) "difference in conditions" coverage, excluding
15 fire and extended coverage perils; and

16 (23) electronic data processing policies.

17 NEW SECTION. Section 9. Exceptions. Unless otherwise
18 permitted, nothing in [sections 3 through 9] may be
19 construed to permit marine, inland marine, or transportation
20 insurance policies to cover:

21 (1) storage of an assured's merchandise, except as
22 specifically provided;

23 (2) merchandise in the course of manufacture which is
24 the property of and on the premises of the manufacturer;

25 (3) furniture, fixtures, and improvements to

1 buildings; or

2 (4) money or securities in safes, vaults, safety
3 deposit vaults, or banks or on the assured's premises,
4 except while in the course of transportation.

5 Section 10. Section 2-18-809, MCA, is amended to read:
6 "2-18-809. Definitions. As used in this part, the
7 following definitions apply:

8 (1) "Advisory council" means the state employee group
9 benefits advisory council provided for in 2-15-1016.

10 (2) "Department" means the department of
11 administration provided for in 2-15-1001.

12 (3) "State employee" means an employee of the state,
13 specifically including a member or employee of the
14 legislative branch of state government. The term "state
15 employee" does not include employees of counties, cities,
16 towns, school districts, or the Montana university system.

17 (4) "Group benefits" means group hospitalization,
18 health, medical, surgical, disability, life, and other
19 similar and related group benefits provided to officers and
20 employees of the state. The term "group benefits" does not
21 include casualty insurance, defined in 33-1-206; marine
22 insurance, defined authorized in 33-1-209 [sections 1
23 through 2]; property insurance, defined in 33-1-210; surety
24 insurance, defined in 33-1-211; and title insurance, defined
25 in 33-1-212."

Section 11. Section 33-2-705, MCA, is amended to read:

"33-2-705. Report on premiums and other consideration

-- tax. (1) Each authorized insurer and each formerly authorized insurer with respect to premiums so received while an authorized insurer in this state shall file with the commissioner, on or before March 1 each year, a report (except as to wet marine and transportation insurance taxed under subsection (3) below) in form as prescribed by the commissioner showing total direct premium income, including policy, membership, and other fees, premiums paid by application of dividends, refunds, savings, savings coupons, and similar returns or credits to payment of premiums for new or additional or extended or renewed insurance, charges for payment of premium in installments, and all other consideration for insurance from all kinds and classes of insurance whether designated as a premium or otherwise, received by it during the preceding calendar year on account of policies covering property, subjects, or risks located, resident, or to be performed in Montana, with proper proportionate allocation of premium as to such property, subjects, or risks in Montana insured under policies or contracts covering property, subjects, or risks located or resident in more than one state, after deducting from such total direct premium income applicable cancellations, returned premiums, the unabsorbed portion of any deposit

premium, the amount of reduction in or refund of premiums allowed to industrial life policyholders for payment of premiums direct to an office of the insurer, all policy dividends, refunds, savings, savings coupons, and other similar returns paid or credited to policyholders with respect to such policies. As to title insurance, "premium" includes only the risk portion of the charge for such insurance. No deduction shall be made of the cash surrender values of policies. Considerations received on annuity contracts shall not be included in total direct premium income and shall not be subject to tax.

(2) Coincident with the filing of the tax report referred to in subsection (1) above, each such insurer shall pay to the commissioner a tax upon such net premiums. This tax may be computed in either of the following ways:

(a) (i) A domestic insurer may choose to compute its tax based on the percentage of its admitted assets invested in Montana securities according to the following schedule:

(A) 2 3/4% of net premiums if the insurer has 0% of its admitted assets invested in Montana securities;

(B) 2 1/4% of net premiums if the insurer has at least 25% of its admitted assets invested in Montana securities;

(C) 1 3/4% of net premiums if the insurer has at least 50% of its admitted assets invested in Montana securities;

(D) 1 1/4% of net premiums if the insurer has at least

1 75% of its admitted assets invested in Montana securities;
2 and

3 (E) 3/4% of net premiums if the insurer has 100% of
4 its admitted assets invested in Montana securities.

5 (ii) "Admitted assets" are those assets allowed in
6 33-2-501.

7 (iii) An insurer choosing this method of computation
8 must itemize its Montana securities on a detailed schedule
9 attached to its annual tax report.

10 (b) (i) If the method provided for in subsection (a)
11 is not used, the insurer shall compute its tax at the rate
12 of 2 3/4% of the net premiums.

13 (ii) An insurer choosing this method and having not
14 less than 50% of its paid-in capital stock invested in
15 Montana securities is allowed to deduct whatever tax it may
16 have already paid to the state of Montana and its political
17 subdivisions, during the same calendar year as to which
18 premium tax is being paid, from the amount otherwise due
19 under this section.

20 (3) For the purpose of subsection (2):

21 (a) "paid-in capital stock" as to a mutual or
22 reciprocal insurer shall be deemed to be an amount equal to
23 10% of the insurer's assets; and

24 (b) "Montana securities" shall be deemed to include
25 only general obligations of the state of Montana or of its

1 political subdivisions, mortgage loans secured by a first
2 lien upon real estate located in Montana, and real estate
3 located in Montana owned by the insurer, all if otherwise
4 lawful investments of the insurer under this code.

5 (4) (a) On or before March 1 of each year each insurer
6 shall file with the commissioner, on forms as prescribed and
7 furnished or accepted by him, a report of its gross
8 underwriting profit on wet marine and transportation
9 insurance, as defined authorized in 33-1-209 [sections 1
10 through 9], written in this state during the calendar year
11 next preceding and shall at the same time pay to the
12 commissioner a tax of 3/4 of 1% of such gross underwriting
13 profit.

14 (b) Such gross underwriting profit shall be
15 ascertained by deducting from the net premiums (i.e., gross
16 premiums less all return premiums and premiums for
17 reinsurance) on such wet marine and transportation insurance
18 contracts the net losses paid (i.e., gross losses paid less
19 salvage and recoveries on reinsurance ceded) during such
20 calendar year under such contracts. In the case of insurers
21 issuing participating contracts, such gross underwriting
22 profit shall not include for computation of the tax
23 prescribed by this subsection (3) the amounts refunded,
24 credited, or paid as participation dividends or savings by
25 such insurers to the holders of such contracts.

1 (5) That portion of the tax paid hereunder by an
2 insurer on account of premiums received for fire insurance
3 shall be separately specified in the report as required by
4 the commissioner, for apportionment as provided by law.
5 Where insurance against fire is included with insurance of
6 property against other perils at an undivided premium, the
7 insurer shall make such reasonable allocation from such
8 entire premium to the fire portion of the coverage as shall
9 be stated in such report and as may be approved or accepted
10 by the commissioner.

11 (6) With respect to authorized insurers the premium
12 tax provided by this section shall be payment in full and in
13 lieu of all other demands for any and all state, county,
14 city, district, municipal, and school taxes, licenses, fees,
15 and excises of whatever kind or character, excepting only
16 those prescribed by this code, taxes on real and tangible
17 personal property located in this state, and taxes payable
18 under 50-3-109.

19 (7) The commissioner may suspend or revoke the
20 certificate of authority of any insurer which fails to pay
21 its taxes as required under this section."

22 Section 12. Section 33-17-504, MCA, is amended to
23 read:

24 "33-17-504. Issuing license -- limitations. The
25 commissioner may issue an insurance consultant's license to

1 any natural person who has complied with the requirements of
2 this chapter with respect to either life insurance, meaning
3 all of those kinds of insurance authorized in 33-1-207,
4 33-1-208, 33-20-1001, 33-21-103, 33-22-501, and 33-22-601,
5 or general insurance, meaning all of those kinds of
6 insurance authorized in 33-1-206, 33-1-207, and ~~33-1-209~~
7 ~~33-1-210~~ through 33-1-212, and sections 1 through 9, as
8 specified in such license."

9 Section 13. Codification instruction. Sections 1
10 through 9 are intended to be codified as an integral part of
11 Title 33, chapter 1, part 2, and the provisions of Title 33
12 apply to sections 1 through 9.

13 Section 14. Repealer. Section 33-1-209, MCA, is
14 repealed.

-End-

MINUTES OF MEETING
SENATE JUDICIARY COMMITTEE
February 14, 1981

The twenty-eighth meeting of the Senate Judiciary Committee was called to order by Mike Anderson, Chairman, on the above date in Room 331, at 10:00 a.m.

ROLL CALL:

All members were present.

CONSIDERATION OF SENATE BILL 411:

DELETING THE REQUIREMENT THAT DEPT. OF
HEALTH APPROVE COUNTY SERVICES FOR
MEDICAL AID TO INDIGENTS.

Senator Himsl, District 9, Kalispell, introduced the bill at the request of the Audit Committee. The purpose is to do away with a requirement for approval of medical services that is being ignored by county commissioners.

Chad Smith, speaking for the Montana Hospital Association, spoke in support of the bill.

CONSIDERATION OF SENATE BILL 335:

ADOPTING A NEW DEFINITION OF MARINE,
INLAND MARINE, AND TRANSPORTATION
INSURANCE.

Senator Hazelbaker, District 41, Dillon, introduced the bill at the request of the State Insurance Department. Its purpose is to bring into conformity the definition of certain types of insurance with those in other states.

Josephine Driscoll, Chief Deputy Insurance Commissioner for the State Insurance Department, spoke in support of the bill, saying it would be much more beneficial to the insurance carriers to use the same forms nationwide.

CONSIDERATION OF SENATE BILL 336:

ALLOWING THE BOARD OF PARDONS TO
DELEGATE CERTAIN HEARING FUNCTIONS.

Senator Ryan introduced the bill, stating that its purpose is to grant authority for one member of the Parole Board to conduct the interview prior to parole of prisoners and to

FURTHER CONSIDERATION OF SENATE BILL 335:

ADOPTING A NEW DEFINITION OF MARINE,
INLAND MARINE, & TRANSPORTATION
INSURANCE.

Senator Olson moved that the bill receive a do pass. David Niss pointed out that on page 6, line 3, reference is made to exclusion of certain motor vehicles; and that on page 8, line 7, there is the same exclusion, except it refers to "motor homes" as "auto homes". Since there is no definition of either provided, it is hard to know if the two are supposed to be the same. Also, on page 16, line 8, he pointed out the term "wet marine insurance", a term which is no longer defined in the law. Senator Olson withdrew his motion.

DISPOSAL OF SENATE BILL 336:

Senator Mazurek moved that the bill DO PASS, and his motion carried unanimously.

DISPOSAL OF SENATE BILL 341:

Senator Anderson moved that the bill DO PASS, and the motion carried unanimously.

DISPOSAL OF SENATE BILL 400:

Senator S. Brown moved the bill DO PASS, and his motion carried unanimously.

DISPOSAL OF SENATE BILL 407:

David Niss pointed out that a Statement of Intent would be needed with this bill, and agreed to provide one. Senator S. Brown then moved that the bill, along with the Statement of Intent, DO PASS, and the motion carried unanimously.

DISPOSAL OF SENATE BILL 411:

Senator Berg moved DO PASS, and his motion carried unanimously.

FURTHER CONSIDERATION OF SENATE BILL 288:

Senator Anderson stated that Jeanne Anderson, Billings, a member of the Judicial Standards Commission, had wanted to testify in committee relative to her reservations about this bill. Senator S. Brown said that he had talked to her when she was in Helena, and felt that her fears about this bill had been put to rest. Senator Anderson said that he had agreed to hold the bill, along with SB 369, until he hears from Ms. Anderson. Senator S. Brown then stated that he has a real

ROLL CALL

JUDICIARY COMM TTEE

47th LEGISLATIVE SESSION - - 1981

Date 2/14/81

NAME	PRESENT	ABSENT	EXCUSED
Anderson, Mike, Chr. (R)	✓		
O'Hara, Jesse A. (R)	✓		
Olson, S. A. (R)	✓		
Brown, Bob (R)	✓		
Crippen, Bruce D. (R)	✓		
Tveit, Larry J. (R)	✓		
Brown, Steve (D)	✓		
Berg, Harry K. (D)	✓		
Mazurek, Joseph P. (D)	✓		
Halligan, Michael (D)	✓		

Each day attach to minutes.

17

28

NAME:

DATE :

ADDRESS:

PHONE:

REPRESENTING WHOM?

APPEARING ON WHICH PROPOSAL:

DO YOU:

SUPPORT?

AMEND?

OPPOSE?

COMMENTS:

DATE 2/14/81

COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
JUDITH H CARLSON	SRS	403.4 * 411	X X X	
Jim Pellegrini	OLA	411, 407		
Roger McGLENN	IND. INS. AGENTS OF MT.	335-	X	
Henry E. Burgess	Board of Pardons	335	X	
Seth Rient	State D. Prison	403 404	X	
Rosalie Walsh	self	403 404	X	
William James Brown	visiting			
Eleanor Struck	visiting			
Rosemary Zion	self	403 58404	X	

MINUTES FOR MEETING
SENATE JUDICIARY COMMITTEE
February 19, 1981

The thirty-second meeting of the Senate Judiciary Committee was called to order by Mike Anderson, Chairman, on the above date in Room 331, at 10:00 a.m.

ROLL CALL:

All members were present.

DISPOSITION OF SENATE BILL 475:

Senator Olson moved that the bill DO PASS AS AMENDED (as shown on the attached Committee Report), and his motion passed unanimously.

DISPOSITION OF SENATE BILL 287:

David Niss outlined some of the amending he felt necessary.

Senator Manley stated that he had not drafted the bill in order to protect the Highway Department, but to protect the land owners from being run over roughshod by the Highway Department. He said that rather than "fix" his bill too much, he would prefer to see it killed.

The first amendment shown on the attached Committee Report was passed with Senator Olson in opposition. The fourth amendment was passed with Senator Crippen in opposition.

Senator B. Brown moved that the bill DO PASS AS AMENDED, and his motion carried.

DISPOSITION OF SENATE BILL 468:

Senator Crippen moved that the bill DO PASS, and his motion passed with Senator Tveit in opposition.

DISPOSITION OF SENATE BILL 289:

Senator B. Brown moved the first amendment, which passed unanimously; then he moved the second amendment, which passed over the opposition of Senator Anderson. Senator B. Brown moved that the bill DO PASS AS AMENDED, and his motion passed with Senators Berg, Tveit, and Anderson opposing.

DISPOSITION OF SENATE BILL 477:

Senator O'Hara moved that the bill DO NOT PASS, and his motion

carried with Senator B. Brown abstaining and Senators Anderson, Crippen and Halligan opposed.

DISPOSITION OF SENATE BILL 381:

Senator Halligan moved the first two amendments on the attached Committee Report, and his motion carried with Senator Mazurek opposed. Senator Halligan moved the third and fourth amendments on the attached Committee Report, and his motion carried unanimously. Senator Mazurek moved the fifth amendment on the attached Committee Report, and his motion carried unanimously.

Senator Halligan moved that the bill DO PASS AS AMENDED, and his motion carried unanimously.

DISPOSITION OF SENATE BILL 335:

Senator Crippen moved that the committee adopt the amendments on the attached Committee Report, and his motion carried unanimously. He then moved that the bill DO PASS AS AMENDED, and this motion carried unanimously.

DISPOSITION OF SENATE BILL 315:

Senator Mazurek moved that this bill be placed on the table, and his motion carried unanimously.

DISPOSITION OF SENATE JOINT RESOLUTION 9:

Senator Berg moved that the resolution be tabled. His motion carried over the opposition of Senators Crippen, Anderson, O'Hara, and B. Brown.

Senator S. Brown moved to reconsider the motion to table and moved that the committee adopt the amendments shown on the attached Committee Report. His motion on the amendments carried unanimously. Senator S. Brown then moved to table the resolution. His motion failed, with Senators Anderson, O'Hara, Olson, B. Brown, Crippen and Tveit voting against it.

Senator Crippen moved that the resolution DO PASS AS AMENDED, and his motion carried over the opposition of Senators S. Brown, Berg, Mazurek, and Halligan.

DISPOSITION OF SENATE BILL 238:

Senator Anderson moved to amend the bill on page 3 by reinserting the original language stricken in lines five through eleven. Senator S. Brown offered a substitute motion that the committee accept the second reading bill minus subsection (2) on page three, as well as amending subsection (7), lines five and six on page two, by striking "to a motor vehicle". This motion carried over Senator Crippen's opposition.

ROLL CALL

JUDICIARY COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 2/19/81

NAME	PRESENT	ABSENT	EXCUSED
Anderson, Mike, Chr. (R)	✓		
O'Hara, Jesse A. (R)	✓		
Olson, S. A. (R)	✓		
Brown, Bob (R)	✓		
Crippen, Bruce D. (R)	✓		
Tveit, Larry J. (R)	✓		
Brown, Steve (D)	✓		
Berg, Harry K. (D)	✓		
Mazurek, Joseph P. (D)	✓		
Halligan, Michael (D)	✓		

Each day attach to minutes.

22

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COMMITTEE ON _____

[illegible]

STANDING COMMITTEE REPORT

February 19, 19 61

MR. PRESIDENT

We, your committee on JUDICIARY

having had under consideration SENATE Bill No. 335

Respectfully report as follows: That SENATE 335
be amended as follows:

1. Page 8, line 7.

Following: "and"

Strike: "auto"

Insert: "motor"

2. Page 15, line 6.

Following: "on"

Strike: "wet"

Following: "marine"

Insert: ", inland marine,"

JRF

And, as so amended

DO PASS

7.

HOUSE BUSINESS AND INDUSTRY COMMITTEE

7.

47th Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
SB 314	To allow family members the right to continue individual family disability ins. coverage upon the death of the named insured or the divorce, separation, or annulment of marriage of the spouse from the named insured; & to establish conditions & requirements of continued coverage.	3/3	Mike Anderson	3/11	BE CONCURRED IN	3/11
SB 334	To generally revise & clarify the insurance laws of MT; amend..... repealing.....	3/3	Mike Anderson	3/11	BE CONCURRED IN	3/11
SB 335	To adopt a new definition of marine, inland marine, & transportation ins.; describing the kinds of risks & coverages that may be insured by marine, inland marine, or transportation ins. policies; amend....; & repealing 33-1-209.	3/3	Hazelbaker	3/11	BE CONCURRED IN	3/11
SB 370	To regulate sale of hamburger or ground beef in the various forms in which it is sold at retail; amend....	3/3	Mike Anderson	3/11	BE CONCURRED IN	3/11
SB 392	To terminate board of podiatry examiners & transfer to Bd. of Medical Examiners; removing statutory passing grade on examination;					

SENATE BILL NO. 335

INTRODUCED BY HAZELBAKER

BY REQUEST OF THE INSURANCE DEPARTMENT

A BILL FOR AN ACT ENTITLED: "AN ACT TO ADOPT A NEW
DEFINITION OF MARINE, INLAND MARINE, AND TRANSPORTATION
INSURANCE; DESCRIBING THE KINDS OF RISKS AND COVERAGES THAT
MAY BE INSURED BY MARINE, INLAND MARINE, OR TRANSPORTATION
INSURANCE POLICIES; AMENDING SECTIONS 2-18-809, 33-2-705,
AND 33-17-504, MCA; AND REPEALING SECTION 33-1-209, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Short title. [Sections 1
through 9] may be cited as the "Nationwide Inland Marine
Definition Act".

NEW SECTION. Section 2. Purpose. (1) The purpose of
[sections 1 through 9] is to describe the kinds of risks and
coverages which may be classified or identified under state
insurance laws as marine, inland marine, or transportation
insurance, but [sections 1 through 9] do not include all of
the kinds of risks and coverages which may be written,
classified, or identified under marine, inland marine, or
transportation insuring powers. [Sections 1 through 9] may
not be construed to mean that the kinds of risks and
coverages described herein are solely marine, inland marine,

or transportation insurance in all instances.

(2) [Sections 1 through 9] may not be construed to
restrict or limit in any way the exercise of any insuring
powers granted under charters and licenses whether used
separately, in combination, or otherwise.

NEW SECTION. Section 3. Imports. Imports may be
covered by marine, inland marine, and transportation
policies subject to the following conditions:

(1) Imports are covered wherever they are located,
without restriction as to time, provided the coverage of the
issuing companies includes hazards of transportation.

(2) Property is an import and the proper subject of
marine, inland marine, or transportation insurance as long
as the property remains segregated in such a way that it can
be identified and has not become incorporated into and mixed
with the general mass of property in the United States;
property ceases to be an import and the proper subject of
marine, inland marine, or transportation insurance when it
has been:

(a) sold and delivered by the importer, factor, or
consignee;

(b) removed from its place of storage and placed on
sale as part of an importer's stock in trade at a point of
sale or distribution; or

(c) delivered for manufacture, processing, or change

1 in form to premises of the importer or another, to be used
2 for such purposes.

3 NEW SECTION. Section 4. Exports. Exports may be
4 covered by marine, inland marine, and transportation
5 policies subject to the following conditions:

6 (1) Exports are covered wherever they are located,
7 without restriction as to time, provided the coverage of the
8 issuing companies includes hazards of transportation.

9 (2) Property is an export and the proper subject of
10 marine, inland marine, or transportation insurance when
11 designated or while being prepared for export and remains an
12 export unless diverted for domestic trade. If the property
13 is diverted for domestic trade, the provisions of [section
14 5] apply. This section does not apply to long established
15 methods of insuring certain commodities such as cotton.

16 NEW SECTION. Section 5. Domestic shipments. Domestic
17 shipments may be covered by marine, inland marine, and
18 transportation policies subject to the following conditions:

19 (1) Domestic shipments on consignment for sale,
20 distribution, exhibit, trial, approval, or auction may be
21 covered while in transit, while in the custody of others,
22 and while being returned, except that the policy may not
23 cover property while it is on premises owned, leased, or
24 operated by the consignor.

25 (2) Domestic shipments not on consignment may be

1 covered if the coverage of the issuing companies includes
2 hazards of transportation beginning and ending within the
3 United States. Such shipments are not covered at the
4 manufacturing premises or after arrival at premises owned,
5 leased, or operated by the assured or the purchaser.

6 NEW SECTION. Section 6. Instrumentalities of
7 transportation and commerce. Bridges, tunnels, and other
8 instrumentalities of transportation and communication
9 (excluding buildings and improvements, furniture,
10 furnishings, fixed contents, and supplies held in storage)
11 may be covered by marine, inland marine, and transportation
12 policies. This category includes:

13 (1) bridges, tunnels, and other similar
14 instrumentalities, including auxiliary facilities and
15 equipment attendant thereto;

16 (2) piers, wharves, docks, slips, drydocks, and marine
17 railways;

18 (3) pipelines, including on-line propulsion,
19 regulating, and other equipment appurtenant to such
20 pipelines but excluding all property at manufacturing,
21 producing, refining, converting, treating, or conditioning
22 plants;

23 (4) power transmission, telephone, and telegraph
24 lines, excluding all property at generating, converting, or
25 transforming stations, substations, and exchanges;

1 (5) radio and television communication equipment in
2 use as such, including towers and antennas with auxiliary
3 equipment, and appurtenant electrical operating and control
4 apparatus; and

5 (6) outdoor cranes, loading bridges, and similar
6 equipment used to load, unload, and transport.

7 NEW SECTION. Section 7. Personal property. Risks
8 generally covered by personal property floaters covering
9 individuals or items of personal property may be covered by
10 marine, inland marine, and transportation policies. This
11 category includes:

- 12 (1) personal effects floater policies;
13 (2) personal property floaters;
14 (3) government service floaters;
15 (4) personal fur floaters;
16 (5) personal jewelry floaters;
17 (6) wedding present floaters for a period not
18 exceeding 90 days after the date of the wedding;
19 (7) silverware floaters;
20 (8) fine arts floaters covering paintings, etchings,
21 pictures, tapestries, art glass windows, and other bona fide
22 works of art of rarity, historical value, or artistic merit;
23 (9) stamp and coin floaters;
24 (10) musical instrument floaters. For purposes of this
25 section, radios, televisions, record players, and

1 combinations thereof are not musical instruments.

2 (11) mobile articles, machinery, and equipment floaters
3 (excluding motor vehicles designed for highway use and motor
4 homes, trailers, and semitrailers except when hauled by
5 tractors not designed for highway use) covering identified
6 property of a mobile or floating nature pertaining to or
7 usual to a household. Such policies shall not cover
8 furniture and fixtures not customarily used away from
9 premises where such property is usually kept.

10 (12) installment sales and leased property policies
11 covering property pertaining to a household and sold under
12 conditional contract of sale, partial payment contract, or
13 installment sales contract or leased but excluding motor
14 vehicles designed for highway use. Such policies must cover
15 property in transit but shall not extend beyond the
16 termination of the seller's or lessor's interest; and

17 (13) live animal floaters.

18 NEW SECTION. Section 8. Commercial property. Risks
19 generally covered by commercial property floaters covering
20 property pertaining to a business, profession, or occupation
21 may be covered by marine, inland marine, and transportation
22 policies. This category includes:

- 23 (1) radium floaters;
24 (2) physicians' and surgeons' instrument floaters.
25 Such policies may include coverage of such furniture,

1 fixtures, and tenant assured's interest in such improvements
2 of buildings as are located in that portion of the premises
3 occupied by the assured in the practice of his profession.

4 (3) pattern and die floaters;

5 (4) theatrical floaters, excluding buildings and
6 improvements, furniture, and fixtures that do not travel
7 about with theatrical troupes;

8 (5) film floaters, including a builders' risk during
9 the production and coverage on completed negatives,
10 positives, and sound records;

11 (6) salesman's samples floaters;

12 (7) exhibition policies on property while it is on
13 exhibition and in transit to or from such exhibitions;

14 (8) live animal floaters;

15 (9) builders' risks and installation risks policies
16 covering the interest of owner, seller, or contractor
17 against loss or damage to machinery, equipment, building
18 materials, or supplies being used with and during the course
19 of installation, testing, building, renovating, or
20 repairing. These policies may cover property at points or
21 places where work is being performed, while in transit, and
22 during temporary storage or deposit of property designated
23 for an awaiting specific installation, building, renovating
24 or repairing. Such coverage is limited to builders' risks
25 or installation risks where perils in addition to fire and

1 extended coverage are to be insured. If written for the
2 account of the owner, the coverage ceases upon completion of
3 work and acceptance thereof; or if written for the account
4 of a seller or contractor the coverage terminates when the
5 interest of the seller or contractor terminates.

6 (10) mobile articles, machinery, and equipment floaters
7 (excluding motor vehicles designed for highway use and ~~auto~~
8 MOTOR homes, trailers, and semitrailers except when hauled
9 by tractors not designed for highway use and snowplows
10 constructed exclusively for highway use) covering identified
11 property of a mobile or floating nature, not on sale or
12 consignment or in the course of manufacture, that has come
13 into custody or control of parties who intend to use such
14 property for which it was manufactured or created. Such
15 policies may not cover furniture and fixtures not
16 customarily used away from premises where such property is
17 usually kept.

18 (11) property in transit to or from and in the custody
19 of bailees (not owned, controlled, or operated by the
20 bailor), but such policies may not cover the bailee's
21 property at his premises.

22 (12) installment sales and leased property policies
23 covering property sold under conditional contract of sale,
24 partial payment contract or installment sales contract or
25 leased, but excluding motor vehicles designed for highway

1 use. These policies must cover property in transit but may
2 not extend beyond the termination of the seller's or
3 lessor's interest. This subsection does not include
4 machinery and equipment under certain "lease-back"
5 contracts.

6 (13) garment contracts' floaters;

7 (14) furriers' or fur storers' customer's policies,
8 which are policies under which certificates or receipts are
9 issued by furriers or fur storers, covering specified
10 articles that are the property of customers;

11 (15) accounts receivable policies and valuable papers
12 and records policies;

13 (16) floor plan policies, covering property for sale
14 while in possession of dealers under a floor plan or any
15 similar plan under which the dealer borrows money from a
16 bank or lending institution to pay the manufacturer, if:

17 (a) the merchandise is specifically identifiable as
18 encumbered to the bank or lending institution;

19 (b) the dealer's right to sell or otherwise dispose of
20 the merchandise is conditioned upon its being released from
21 encumbrance by the bank or lending institution; and

22 (c) the policies cover property in transit and do not
23 extend beyond the termination of the dealer's interest;

24 (17) sign and street clock policies, including neon
25 signs, automatic or mechanical signs, and street clocks,

1 while in use as such;

2 (18) fine arts policies covering paintings, etchings,
3 pictures, tapestries, art glass windows and other bona fide
4 works of art of rarity, historical value or artistic merit,
5 for account of museums, galleries, universities, businesses,
6 municipalities, and other similar interests;

7 (19) policies covering personal property, which may
8 include coverage of money in locked safes or vaults on the
9 assured's premises and may also include coverage of
10 furniture, fixtures, tools, machinery, patterns, molds,
11 dies, and a tenant insured's interest in improvements of
12 buildings, which when sold to the ultimate purchaser may be
13 covered specifically by the owner under inland marine
14 policies including:

15 (a) musical instrument dealers' policies, covering
16 property consisting principally of musical instruments and
17 their accessories, but radios, televisions, record players,
18 and combinations of them are not musical instruments for the
19 purposes of this subsection.

20 (b) camera dealers' policies covering property
21 consisting principally of cameras and their accessories;

22 (c) furrier dealers' policies covering property
23 consisting principally of furs and fur garments;

24 (d) equipment dealers' policies covering mobile
25 equipment consisting of binders, reapers, tractors,

1 harvesters, harrows, tedders, and other similar agricultural
2 equipment and accessories therefor; construction equipment
3 consisting of bulldozers, road scrapers, tractors,
4 compressors, pneumatic tools, and similar equipment and
5 accessories therefor, but excluding motor vehicles designed
6 for highway use;

7 (e) stamp and coin dealers' policies covering property
8 of philatelic and numismatic nature;

9 (f) jewelers' block policies; and

10 (g) fine arts dealers' policies;

11 (20) wool growers' floaters;

12 (21) domestic bulk liquids policies covering tanks and
13 domestic bulk liquids stored therein;

14 (22) "difference in conditions" coverage, excluding
15 fire and extended coverage perils; and

16 (23) electronic data processing policies.

17 NEW SECTION. Section 9. Exceptions. Unless otherwise
18 permitted, nothing in [sections 3 through 9] may be
19 construed to permit marine, inland marine, or transportation
20 insurance policies to cover:

21 (1) storage of an assured's merchandise, except as
22 specifically provided;

23 (2) merchandise in the course of manufacture which is
24 the property of and on the premises of the manufacturer;

25 (3) furniture, fixtures, and improvements to

1 buildings; or

2 (4) money or securities in safes, vaults, safety
3 deposit vaults, or banks or on the assured's premises,
4 except while in the course of transportation.

5 Section 10. Section 2-18-809, MCA, is amended to read:
6 "2-18-809. Definitions. As used in this part, the
7 following definitions apply:

8 (1) "Advisory council" means the state employee group
9 benefits advisory council provided for in 2-15-1016.

10 (2) "Department" means the department of
11 administration provided for in 2-15-1001.

12 (3) "State employee" means an employee of the state,
13 specifically including a member or employee of the
14 legislative branch of state government. The term "state
15 employee" does not include employees of counties, cities,
16 towns, school districts, or the Montana university system.

17 (4) "Group benefits" means group hospitalization,
18 health, medical, surgical, disability, life, and other
19 similar and related group benefits provided to officers and
20 employees of the state. The term "group benefits" does not
21 include casualty insurance, defined in 33-1-206; marine
22 insurance, defined authorized in 33-1-209 [sections 1
23 through 9]; property insurance, defined in 33-1-210; surety
24 insurance, defined in 33-1-211; and title insurance, defined
25 in 33-1-212."

Section 11. Section 33-2-705, MCA, is amended to read:

"33-2-705. Report on premiums and other consideration

-- tax. (1) Each authorized insurer and each formerly authorized insurer with respect to premiums so received while an authorized insurer in this state shall file with the commissioner, on or before March 1 each year, a report (except as to wet marine and transportation insurance taxed under subsection (3) below) in form as prescribed by the commissioner showing total direct premium income, including policy, membership, and other fees; premiums paid by application of dividends, refunds, savings, savings coupons, and similar returns or credits to payment of premiums for new or additional or extended or renewed insurance; charges for payment of premium in installments; and all other consideration for insurance from all kinds and classes of insurance whether designated as a premium or otherwise, received by it during the preceding calendar year on account of policies covering property, subjects, or risks located, resident, or to be performed in Montana, with proper proportionate allocation of premium as to such property, subjects, or risks in Montana insured under policies or contracts covering property, subjects, or risks located or resident in more than one state, after deducting from such total direct premium income applicable cancellations, returned premiums, the unabsorbed portion of any deposit

premium, the amount of reduction in or refund of premiums allowed to industrial life policyholders for payment of premiums direct to an office of the insurer, all policy dividends, refunds, savings, savings coupons, and other similar returns paid or credited to policyholders with respect to such policies. As to title insurance, "premium" includes only the risk portion of the charge for such insurance. No deduction shall be made of the cash surrender values of policies. Considerations received on annuity contracts shall not be included in total direct premium income and shall not be subject to tax.

(2) Coincident with the filing of the tax report referred to in subsection (1) above, each such insurer shall pay to the commissioner a tax upon such net premiums. This tax may be computed in either of the following ways:

(a) (i) A domestic insurer may choose to compute its tax based on the percentage of its admitted assets invested in Montana securities according to the following schedule:

(A) 2 3/4% of net premiums if the insurer has 0% of its admitted assets invested in Montana securities;

(B) 2 1/4% of net premiums if the insurer has at least 25% of its admitted assets invested in Montana securities;

(C) 1 3/4% of net premiums if the insurer has at least 50% of its admitted assets invested in Montana securities;

(D) 1 1/4% of net premiums if the insurer has at least

1 75% of its admitted assets invested in Montana securities;
2 and

3 (E) 3/4% of net premiums if the insurer has 100% of
4 its admitted assets invested in Montana securities.

5 (ii) "Admitted assets" are those assets allowed in
6 33-2-501.

7 (iii) An insurer choosing this method of computation
8 must itemize its Montana securities on a detailed schedule
9 attached to its annual tax report.

10 (b) (i) If the method provided for in subsection (a)
11 is not used, the insurer shall compute its tax at the rate
12 of 2 3/4% of the net premiums.

13 (ii) An insurer choosing this method and having not
14 less than 50% of its paid-in capital stock invested in
15 Montana securities is allowed to deduct whatever tax it may
16 have already paid to the state of Montana and its political
17 subdivisions, during the same calendar year as to which
18 premium tax is being paid, from the amount otherwise due
19 under this section.

20 (3) For the purpose of subsection (2):

21 (a) "paid-in capital stock" as to a mutual or
22 reciprocal insurer shall be deemed to be an amount equal to
23 10% of the insurer's assets; and

24 (b) "Montana securities" shall be deemed to include
25 only general obligations of the state of Montana or of its

1 political subdivisions, mortgage loans secured by a first
2 lien upon real estate located in Montana, and real estate
3 located in Montana owned by the insurer, all if otherwise
4 lawful investments of the insurer under this code.

5 (4) (a) On or before March 1 of each year each insurer
6 shall file with the commissioner, on forms as prescribed and
7 furnished or accepted by him, a report of its gross
8 underwriting profit on wet marine, INLAND MARINE, and
9 transportation insurance, as defined authorized in 33-1-209
10 [sections 1 through 9], written in this state during the
11 calendar year next preceding and shall at the same time pay
12 to the commissioner a tax of 3/4 of 1% of such gross
13 underwriting profit.

14 (b) Such gross underwriting profit shall be
15 ascertained by deducting from the net premiums (i.e., gross
16 premiums less all return premiums and premiums for
17 reinsurance) on such wet marine and transportation insurance
18 contracts the net losses paid (i.e., gross losses paid less
19 salvage and recoveries on reinsurance ceded) during such
20 calendar year under such contracts. In the case of insurers
21 issuing participating contracts, such gross underwriting
22 profit shall not include for computation of the tax
23 prescribed by this subsection (3) the amounts refunded,
24 credited, or paid as participation dividends or savings by
25 such insurers to the holders of such contracts.

1 (5) That portion of the tax paid hereunder by an
 2 insurer on account of premiums received for fire insurance
 3 shall be separately specified in the report as required by
 4 the commissioner, for apportionment as provided by law.
 5 Where insurance against fire is included with insurance of
 6 property against other perils at an undivided premium, the
 7 insurer shall make such reasonable allocation from such
 8 entire premium to the fire portion of the coverage as shall
 9 be stated in such report and as may be approved or accepted
 10 by the commissioner.

11 (6) With respect to authorized insurers the premium
 12 tax provided by this section shall be payment in full and in
 13 lieu of all other demands for any and all state, county,
 14 city, district, municipal, and school taxes, licenses, fees,
 15 and excises of whatever kind or character, excepting only
 16 those prescribed by this code, taxes on real and tangible
 17 personal property located in this state, and taxes payable
 18 under 50-3-109.

19 (7) The commissioner may suspend or revoke the
 20 certificate of authority of any insurer which fails to pay
 21 its taxes as required under this section."

22 Section 12. Section 33-17-504, MCA, is amended to
 23 read:

24 "33-17-504. Issuing license -- limitations. The
 25 commissioner may issue an insurance consultant's license to

1 any natural person who has complied with the requirements of
 2 this chapter with respect to either life insurance, meaning
 3 all of those kinds of insurance authorized in 33-1-207,
 4 33-1-208, 33-20-1001, 33-21-103, 33-22-501, and 33-22-601,
 5 or general insurance, meaning all of those kinds of
 6 insurance authorized in 33-1-206, 33-1-207, and ~~33-1-209~~
 7 33-1-210 through 33-1-212, and [sections 1 through 9], as
 8 specified in such license."

9 Section 13. Codification instruction. Sections 1
 10 through 9 are intended to be codified as an integral part of
 11 Title 33, chapter 1, part 2, and the provisions of Title 33
 12 apply to sections 1 through 9.

13 Section 14. Repealer. Section 33-1-209, MCA, is
 14 repealed.

-End-

HOUSE BUSINESS AND INDUSTRY COMMITTEE

March 11, 1981

SUMMARY OF BILLS TO BE HEARD TODAY

SENATE BILL 314 -

Introduced by Senator Anderson by request of the Insurance Department, is called the "Individual Family Disability Insurance Continuity of Coverage Act" and allows family members to continue individual family disability insurance coverage upon death of the named insured or divorce, separation, or annulment of marriage. Continuance of coverage, at the option of the insurer may be by continuation of the original policy or by a converted policy. The bill requires the person desiring the continuation or conversion to notify the carrier and pay the applicable premium within 31 days following the date that coverage would otherwise terminate. Overinsurance is not permitted, and the bill would be applicable to policies or contracts issued 120 days after the effective date of the act and does not apply to disability income policies, accidental death or dismemberment policies, or single-term, non-renewable policies.

SENATE BILL 334 -

Introduced by Senator Anderson, by request of the Insurance Department, is a general revision and clarification of the insurance law of Montana. Among other provisions, the bill:

Changes from 30 to 60 days the requirement for advance filing with the department before use of a form.

Allows the commissioner to suspend or revoke the certificate of authority of an insurer who has reinsured all of his risks.

Raises from \$400,000 to \$1,000,000 the trust fund required to be maintained by an alien insurer (one formed under the laws of a country other than the U.S.) who offers surplus lines (certain coverages that cannot be obtained from authorized insurers).

Raises fees for agents' licenses from \$5 to \$10 for appointment, from \$5 to \$10 for annual renewal, establishes a new fee of \$10 for amendment of license or issuance of master license.

Requires that a newly-organized domestic mutual insurer must have surplus equal to paid-in capital stock required of a domestic stock company and raises the bond required on formation of a mutual company from \$15,000 to \$50,000.

Changes from 3 to 2 years the time limit on provisions of defenses on policy misstatements in disability contracts.

Requires notification to the company and payment of premium within 31 days of birth to qualify a new-born for coverage under the parent's disability policy.

SUMMARY OF SENATE BILL 335 -

March 11, 1981

Introduced by Senator Hazelbaker, by request of the Insurance Department is entitled the "Nationwide Inland Marine Definition Act". The bill enacts new definitions of marine, inland marine, and transportation insurance and describes the risks and coverages that may be insured by each.

SENATE BILL 370 -

Introduced by Senators Anderson and Brown, regulates the sale of hamburger and ground beef, which are defined as ground fresh or frozen beef, with or without on addition of suet to which no water, binder or extenders are added and which are divided into three grades:

"Economy" which can have no more fat content than allowed by federal standards.

"Regular" which can have no more than 24% fat.

"Extra lean" which can have no more than 18% fat.

Stricken from the law is the authorization for "imitation hamburger."

"Beef patty mix" is defined as hamburger or ground beef to which has been added binders or extenders. No restaurant or store may call "beef patty mix" hamburger or ground beef and the ingredients of beef patty mix must be listed on the menu or label.

SENATE BILL 129 -

Introduced by Senators Turnage and Norman, regulates conversions of group life and group disability insurance and provides for continuation of group coverage. This bill guarantees a person the right to continue his group insurance coverage, without providing evidence of insurability, upon termination of employment.

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Senator Turnage closed saying he hadn't really studied the proposed amendments that were suggested by the Department of Insurance. If they don't wreck the intent of the bill but improve it and don't hurt the people, he would like to look at them and will study them.

SENATE BILL 335 -

SENATOR HAZELBAKER, District 31, Beaverhead County, sponsored SB 335 at the request of the state Insurance Department. The National Council of State Insurance Commissioners thought it should be mandatory that they all work in concert for nationwide definitions, and for states to conform, so this bill has definitions of different kinds of insurance.

He explained the beginning of marine insurance was instigated by the loss of ships, so the owners of ships got together and said they would pool their money and pay any balance for loss of cargoes and ships, so Lloyd's of London was started. This was such a good idea that it caught on and inland insurance was started. They called it "inland marine" insurance.

JO DRISCOLL, Insurance Department Deputy, said this type of coverage affects many, many states, and it is very beneficial that all the definitions are alike in the states and this is primarily what SB 335 is all about.

OPPONENTS: None.

QUESTIONS: None.

Senator Hazelbaker closed saying the bill explains itself.

SENATE BILL 314 -

SENATOR MIKE ANDERSON, District 40, Gallatin, sponsor of SB 314, said this bill is an act to allow family members to continue insurance as basically the title covers. It requires the industry in the event that one spouse or another buys coverage, and this may go on for several years, that if the primary insured dies, divorces, separates, or the marriage is annulled, the dependent covered then has developed some very serious illness which would result in him not being able to get other insurance, SB 314 provisions would make the first insurance convertible to the dependent so there would be coverage.

JO DRISCOLL, Chief Deputy Insurance Commissioner, explained SB 314 is to take care of a situation where a family is split, and oftentimes the spouse has to get other insurance. This would give them time to get another insurance policy. She feels it is a good piece of legislation and asked for the committee's support.

RAY FISCHER, Blue Cross, said even though they do provide this privilege, they do support HB 314.

ALLEN CAIN, Blue Shield, said their company already does what this bill requires others to do.

March 11, 1981

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Rep. Schultz said he would go along with 'beef patty mix'. Mr. Teigen didn't want to restrict the sale of beef by throwing any road-blocks up on the sale of hamburger, and if that is what the labeling states and the federally inspected plants use, apparently should join and go along with them. Prefer the term 'imitation' but if soy bean flour is mixed properly with the meat, it makes a very good hamburger. That will make it possible for more people to enjoy hamburger even if it isn't the real thing.

Rep. Andreason asked if there is any way of ascertaining the fat content a restaurant is using. Mr. Sloulin said the way it is being proposed, they can make the patty up to 30% fat - right now they can only be 20% fat. If a restaurant went to 30%, they would have so much cookoff, they would lose their customers.

Jo Brunner said WIFE prefers the word 'imitation' stay in because you should have the right to make the choice. It hasn't bothered WIFE to buck the Feds, and this isn't the time to start. However, the Senate left in the word 'mix'.

The word 'imitation' is rarely used in advertising Rep. Robbins mentioned.

Rep. Fabrega said 300 samples are being taken at this time. FDA preempts the field and we may or may not be buying a lawsuit. Montana produces cows and calves and has a great abundance of 100% beef. How do restaurants get their hamburger? Mr. Sloulin said he had no idea of what it would cost to buy and test patty mix. The person on food stamps gets a wholesome hamburger when buying a beef patty mix if it is labeled and controlled. This would take \$30-40 million to be funded to the Health Department to check for all patty mixes. Rep. Vincent would like to know what he is getting when buys a hamburger. Mr. Sloulin said restaurants can tell within 1/2% what percentage of fat they are selling. They have a place where the product goes to one location and it is very carefully packed to provide a uniform product for all their restaurants.

EXECUTIVE SESSION -

Rep. Andreason moved SENATE BILL 370 BE CONCURRED IN. Rep. Vincent voted no; Reps. O'Hara, Metcalf, Meyer were absent. Motion carried.

Rep. Kitselman moved SENATE BILL 335 BE CONCURRED IN. Reps. Metcalf, Meyer, O'Hara were absent. Motion carried.

Rep. Kitselman moved SENATE BILL 334 BE CONCURRED IN. Same members were absent. Motion carried. Representatives felt if the Department were not given more staff, they should have more time to consider forms.

Rep. Manning moved SENATE BILL 314 BE CONCURRED IN. Same members were absent. Motion carried. Members felt individual family dependents should have insurance coverage continuously.

NAME PAT MELBY SBILL No. 335
ADDRESS P.O. Box 1144 Helena DATE 3-11-81
WHOM DO YOU REPRESENT Alliance of American Insurers
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

SENATE BILL NO. 335

INTRODUCED BY HAZELBAKER

BY REQUEST OF THE INSURANCE DEPARTMENT

A BILL FOR AN ACT ENTITLED: "AN ACT TO ADOPT A NEW
DEFINITION OF MARINE, INLAND MARINE, AND TRANSPORTATION
INSURANCE; DESCRIBING THE KINDS OF RISKS AND COVERAGES THAT
MAY BE INSURED BY MARINE, INLAND MARINE, OR TRANSPORTATION
INSURANCE POLICIES; AMENDING SECTIONS 2-18-809, ~~33-1-209,~~
~~33-2-705,~~ AND ~~33-17-504,~~ MCA; ~~AND REPEATING SECTION~~
~~33-1-209, MCA.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Short title. [Sections 1
through 9] may be cited as the "Nationwide Inland Marine
Definition Act".

NEW SECTION. Section 2. Purpose. (1) The purpose of
[sections 1 through 9] is to describe the kinds of risks and
coverages which may be classified or identified under state
insurance laws as marine, inland marine, or transportation
insurance, but [sections 1 through 9] do not include all of
the kinds of risks and coverages which may be written,
classified, or identified under marine, inland marine, or
transportation insuring powers. [Sections 1 through 9] may
not be construed to mean that the kinds of risks and

coverages described herein are solely marine, inland marine,
or transportation insurance in all instances.

(2) [Sections 1 through 9] may not be construed to
restrict or limit in any way the exercise of any insuring
powers granted under charters and licenses whether used
separately, in combination, or otherwise.

NEW SECTION. Section 3. Imports. Imports may be
covered by marine, inland marine, and transportation
policies subject to the following conditions:

(1) Imports are covered wherever they are located,
without restriction as to time, provided the coverage of the
issuing companies includes hazards of transportation.

(2) Property is an import and the proper subject of
marine, inland marine, or transportation insurance as long
as the property remains segregated in such a way that it can
be identified and has not become incorporated into and mixed
with the general mass of property in the United States;
property ceases to be an import and the proper subject of
marine, inland marine, or transportation insurance when it
has been:

(a) sold and delivered by the importer, factor, or
consignee;

(b) removed from its place of storage and placed on
sale as part of an importer's stock in trade at a point of
sale or distribution; or

(c) delivered for manufacture, processing, or change in form to premises of the importer or another, to be used for such purposes.

NEW SECTION. Section 4. Exports. Exports may be covered by marine, inland marine, and transportation policies subject to the following conditions:

(1) Exports are covered wherever they are located, without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation.

(2) Property is an export and the proper subject of marine, inland marine, or transportation insurance when designated or while being prepared for export and remains an export unless diverted for domestic trade. If the property is diverted for domestic trade, the provisions of [section 5] apply. This section does not apply to long established methods of insuring certain commodities such as cotton.

NEW SECTION. Section 5. Domestic shipments. Domestic shipments may be covered by marine, inland marine, and transportation policies subject to the following conditions:

(1) Domestic shipments on consignment for sale, distribution, exhibit, trial, approval, or auction may be covered while in transit, while in the custody of others, and while being returned, except that the policy may not cover property while it is on premises owned, leased, or operated by the consignor.

(2) Domestic shipments not on consignment may be covered if the coverage of the issuing companies includes hazards of transportation beginning and ending within the United States. Such shipments are not covered at the manufacturing premises or after arrival at premises owned, leased, or operated by the assured or the purchaser.

NEW SECTION. Section 6. Instrumentalities of transportation and commerce. Bridges, tunnels, and other instrumentalities of transportation and communication (excluding buildings and improvements, furniture, furnishings, fixed contents, and supplies held in storage) may be covered by marine, inland marine, and transportation policies. This category includes:

(1) bridges, tunnels, and other similar instrumentalities, including auxiliary facilities and equipment attendant thereto;

(2) piers, wharves, docks, slips, drydocks, and marine railways;

(3) pipelines, including on-line propulsion, regulating, and other equipment appurtenant to such pipelines but excluding all property at manufacturing, producing, refining, converting, treating, or conditioning plants;

(4) power transmission, telephone, and telegraph lines, excluding all property at generating, converting, or

1 transforming stations, substations, and exchanges;
 2 (5) radio and television communication equipment in
 3 use as such, including towers and antennas with auxiliary
 4 equipment, and appurtenant electrical operating and control
 5 apparatus; and

6 (6) outdoor cranes, loading bridges, and similar
 7 equipment used to load, unload, and transport.

8 NEW SECTION. Section 7. Personal property. Risks
 9 generally covered by personal property floaters covering
 10 individuals or items of personal property may be covered by
 11 marine, inland marine, and transportation policies. This
 12 category includes:

- 13 (1) personal effects floater policies;
 14 (2) personal property floaters;
 15 (3) government service floaters;
 16 (4) personal fur floaters;
 17 (5) personal jewelry floaters;
 18 (6) wedding present floaters for a period not
 19 exceeding 90 days after the date of the wedding;
 20 (7) silverware floaters;
 21 (8) fine arts floaters covering paintings, etchings,
 22 pictures, tapestries, art glass windows, and other bona fide
 23 works of art of rarity, historical value, or artistic merit;
 24 (9) stamp and coin floaters;
 25 (10) musical instrument floaters. For purposes of this

1 section, radios, televisions, record players, and
 2 combinations thereof are not musical instruments.

3 (11) mobile articles, machinery, and equipment floaters
 4 (excluding motor vehicles designed for highway use and motor
 5 homes, trailers, and semitrailers except when hauled by
 6 tractors not designed for highway use) covering identified
 7 property of a mobile or floating nature pertaining to or
 8 usual to a household. Such policies shall not cover
 9 furniture and fixtures not customarily used away from
 10 premises where such property is usually kept.

11 (12) installment sales and leased property policies
 12 covering property pertaining to a household and sold under
 13 conditional contract of sale, partial payment contract, or
 14 installment sales contract or leased but excluding motor
 15 vehicles designed for highway use. Such policies must cover
 16 property in transit but shall not extend beyond the
 17 termination of the seller's or lessor's interest; and

18 (13) live animal floaters.

19 NEW SECTION. Section 8. Commercial property. Risks
 20 generally covered by commercial property floaters covering
 21 property pertaining to a business, profession, or occupation
 22 may be covered by marine, inland marine, and transportation
 23 policies. This category includes:

- 24 (1) radium floaters;
 25 (2) physicians' and surgeons' instrument floaters.

1 Such policies may include coverage of such furniture,
2 fixtures, and tenant assured's interest in such improvements
3 of buildings as are located in that portion of the premises
4 occupied by the assured in the practice of his profession.

5 (3) pattern and die floaters;

6 (4) theatrical floaters, excluding buildings and
7 improvements, furniture, and fixtures that do not travel
8 about with theatrical troupes;

9 (5) film floaters, including a builders' risk during
10 the production and coverage on completed negatives,
11 positives, and sound records;

12 (6) salesmen's samples floaters;

13 (7) exhibition policies on property while it is on
14 exhibition and in transit to or from such exhibitions;

15 (8) live animal floaters;

16 (9) builders' risks and installation risks policies
17 covering the interest of owner, seller, or contractor
18 against loss or damage to machinery, equipment, building
19 materials, or supplies being used with and during the course
20 of installation, testing, building, renovating, or
21 repairing. These policies may cover property at points or
22 places where work is being performed, while in transit, and
23 during temporary storage or deposit of property designated
24 for an awaiting specific installation, building, renovating
25 or repairing. Such coverage is limited to builders' risks

1 or installation risks where perils in addition to fire and
2 extended coverage are to be insured. If written for the
3 account of the owner, the coverage ceases upon completion of
4 work and acceptance thereof; or if written for the account
5 of a seller or contractor the coverage terminates when the
6 interest of the seller or contractor terminates.

7 (10) mobile articles, machinery, and equipment floaters
8 (excluding motor vehicles designed for highway use and auto
9 MOTOR homes, trailers, and semitrailers except when hauled
10 by tractors not designed for highway use and snowplows
11 constructed exclusively for highway use) covering identified
12 property of a mobile or floating nature, not on sale or
13 consignment or in the course of manufacture, that has come
14 into custody or control of parties who intend to use such
15 property for which it was manufactured or created. Such
16 policies may not cover furniture and fixtures not
17 customarily used away from premises where such property is
18 usually kept.

19 (11) property in transit to or from and in the custody
20 of bailees (not owned, controlled, or operated by the
21 bailor), but such policies may not cover the bailee's
22 property at his premises.

23 (12) installment sales and leased property policies
24 covering property sold under conditional contract of sale,
25 partial payment contract or installment sales contract or

1 leased, but excluding motor vehicles designed for highway
2 use. These policies must cover property in transit but may
3 not extend beyond the termination of the seller's or
4 lessor's interest. This subsection does not include
5 machinery and equipment under certain "lease-back"
6 contracts.

7 (13) garment contracts' floaters;

8 (14) furriers' or fur storers' customer's policies,
9 which are policies under which certificates or receipts are
10 issued by furriers or fur storers, covering specified
11 articles that are the property of customers;

12 (15) accounts receivable policies and valuable papers
13 and records policies;

14 (16) floor plan policies, covering property for sale
15 while in possession of dealers under a floor plan or any
16 similar plan under which the dealer borrows money from a
17 bank or lending institution to pay the manufacturer, if:

18 (a) the merchandise is specifically identifiable as
19 encumbered to the bank or lending institution;

20 (b) the dealer's right to sell or otherwise dispose of
21 the merchandise is conditioned upon its being released from
22 encumbrance by the bank or lending institution; and

23 (c) the policies cover property in transit and do not
24 extend beyond the termination of the dealer's interest;

25 (17) sign and street clock policies, including neon

1 signs, automatic or mechanical signs, and street clocks,
2 while in use as such;

3 (18) fine arts policies covering paintings, etchings,
4 pictures, tapestries, art glass windows and other bona fide
5 works of art of rarity, historical value or artistic merit,
6 for account of museums, galleries, universities, businesses,
7 municipalities, and other similar interests;

8 (19) policies covering personal property, which may
9 include coverage of money in locked safes or vaults on the
10 assured's premises and may also include coverage of
11 furniture, fixtures, tools, machinery, patterns, molds,
12 dies, and a tenant insured's interest in improvements of
13 buildings, which when sold to the ultimate purchaser may be
14 covered specifically by the owner under inland marine
15 policies including:

16 (a) musical instrument dealers' policies, covering
17 property consisting principally of musical instruments and
18 their accessories, but radios, televisions, record players,
19 and combinations of them are not musical instruments for the
20 purposes of this subsection.

21 (b) camera dealers' policies covering property
22 consisting principally of cameras and their accessories;

23 (c) furrier dealers' policies covering property
24 consisting principally of furs and fur garments;

25 (d) equipment dealers' policies covering mobile

1 equipment consisting of binders, reapers, tractors,
2 harvesters, harrows, tedders, and other similar agricultural
3 equipment and accessories therefor; construction equipment
4 consisting of bulldozers, road scrapers, tractors,
5 compressors, pneumatic tools, and similar equipment and
6 accessories therefor, but excluding motor vehicles designed
7 for highway use;

8 (e) stamp and coin dealers' policies covering property
9 of philatelic and numismatic nature;

10 (f) jewelers' block policies; and

11 (g) fine arts dealers' policies;

12 (20) wool growers' floaters;

13 (21) domestic bulk liquids policies covering tanks and
14 domestic bulk liquids stored therein;

15 (22) "difference in conditions" coverage, excluding
16 fire and extended coverage perils; and

17 (23) electronic data processing policies.

18 NEW SECTION. Section 9. Exceptions. Unless otherwise
19 permitted, nothing in [sections 3 through 9] may be
20 construed to permit marine, inland marine, or transportation
21 insurance policies to cover:

22 (1) storage of an assured's merchandise, except as
23 specifically provided;

24 (2) merchandise in the course of manufacture which is
25 the property of and on the premises of the manufacturer;

1 (3) furniture, fixtures, and improvements to
2 buildings; or

3 (4) money or securities in safes, vaults, safety
4 deposit vaults, or banks or on the assured's premises,
5 except while in the course of transportation.

6 Section 10. Section 2-18-809, MCA, is amended to read:

7 "2-18-809. Definitions. As used in this part, the
8 following definitions apply:

9 (1) "Advisory council" means the state employee group
10 benefits advisory council provided for in 2-15-1016.

11 (2) "Department" means the department of
12 administration provided for in 2-15-1001.

13 (3) "State employee" means an employee of the state,
14 specifically including a member or employee of the
15 legislative branch of state government. The term "state
16 employee" does not include employees of counties, cities,
17 towns, school districts, or the Montana university system.

18 (4) "Group benefits" means group hospitalization,
19 health, medical, surgical, disability, life, and other
20 similar and related group benefits provided to officers and
21 employees of the state. The term "group benefits" does not
22 include casualty insurance, defined in 33-1-206; marine
23 insurance, defined authorized in 33-1-209 [sections 1
24 through 9]; property insurance, defined in 33-1-210; surety
25 insurance, defined in 33-1-211; and title insurance, defined

1 in 33-1-212."

2 SECTION 11. SECTION 33-1-209, MCA, IS AMENDED TO READ:

3 "33-1-209. Marine--marine protection and indemnity
4 and wet marine and--transportation insurance. (1) Marine
5 insurance includes+

6 {a)--insurance--against--any--and--all--kinds--of--loss--or
7 damage--to+

8 {i)--vessels--craft--aircraft--cars--automobiles--and
9 vehicles--of--every--kind--as--well--as--all--goods--freights--
10 cargoes--merchandise--effects--disbursements--profits--
11 moneys--bullions--precious--stones--securities--chose--in
12 action--evidences--of--debts--valuable--papers--bottomry--and
13 respondentia--interests--and--all--other--kinds--of--property--and
14 interests--therein--in--respect--to--appertaining--to--or--in
15 connection--with--any--and--all--risks--or--perils--of--navigation--
16 transit--or--transportation--including--war--risks--on--or--under
17 any--seas--or--other--waters--on--land--or--in--the--air--or--while
18 being--assembled--packed--crated--bated--compressed--or
19 similarly--prepared--for--shipment--or--while--awaiting--the--same
20 or--during--any--delays--storage--transshipment--or--reshipment--
21 incident--thereto--including--marine--builder's--risks--and--all
22 personal--property--floaters--risks+

23 {ii)--person--or--to--property--in--connection--with--or
24 appertaining--to--a--marine--inland--marine--transit--or
25 transportation--insurance--including--liability--for--loss--of--or

1 damage--to--either--arising--out--of--or--in--connection--with--the
2 construction--repair--operation--maintenance--or--use--of--the
3 subject--matter--of--such--insurance--but--not--including--life
4 insurance--surety--bonds--or--insurance--against--loss--by--reason
5 of--bodily--injury--to--the--person--arising--out--of--the--ownership--
6 maintenance--or--use--of--automobiles+

7 {iii)--precious--stones--jewels--jewelry--gold--silver--
8 and--other--precious--metals--whether--used--in--business--or--trade
9 or--otherwise--and--whether--the--same--be--in--course--of
10 transportation--or--otherwise--and

11 {iv)--bridges--tunnels--and--other--instrumentalities--of
12 transportation--and--communication--excluding--buildings--their
13 furniture--and--furnishings--fixed--contents--and--supplies--held
14 in--storage--unless--fire--tornado--sprinkler--leakage--hail--
15 explosion--earthquake--riot--and/or--civil--commotion--are--the
16 only--hazards--to--be--covered--piers--wharves--docks--and
17 slips--excluding--the--risks--of--fire--tornado--sprinkler
18 leakage--hail--explosion--earthquake--riot--and/or--civil
19 commotion--other--aids--to--navigation--and--transportation--
20 including--dry--docks--and--marine--railways--against--all--risks+

21 {b) marine protection and indemnity insurance, meaning
22 insurance against, or against legal liability of the insured
23 for, loss, damage, or expense arising out of or incident to
24 the ownership, operation, chartering, maintenance, use,
25 repair, or construction of any vessel, craft, or

1 instrumentality in use in ocean or inland waterways,
2 including liability of the insured for personal injury,
3 illness, or death or for loss of or damage to the property
4 of another person.

5 (2) For the purposes of this code wet marine and
6 transportation insurance is that part of marine insurance
7 which includes only:

8 (a) insurance upon vessels, crafts, and hulls and of
9 interests therein or with relation thereto;

10 (b) insurance of marine builders' risks, marine war
11 risks, and contracts of marine protection and indemnity
12 insurance;

13 (c) insurance of freights and disbursements pertaining
14 to a subject of insurance coming within this subsection; and

15 (d) insurance of personal property and interests
16 therein, in course of exportation from or importation into
17 any country and in course of transportation coastwise or on
18 inland waters, including transportation by land, water, or
19 air from point of origin to final destination, in respect
20 to, appertaining to, or in connection with any and all risks
21 or perils of navigation, transit, or transportation while
22 being prepared for and while awaiting shipment and during
23 any delays, storage, transshipment, or reshipment incident
24 thereto."

25 Section 12. Section 33-2-705, MCA, is amended to read:

1 "33-2-705. Report on premiums and other consideration
2 -- tax. (1) Each authorized insurer and each formerly
3 authorized insurer with respect to premiums so received
4 while an authorized insurer in this state shall file with
5 the commissioner, on or before March 1 each year, a report
6 (except as to wet marine and transportation insurance taxed
7 under subsection (3) below) in form as prescribed by the
8 commissioner showing total direct premium income, including
9 policy, membership, and other fees, premiums paid by
10 application of dividends, refunds, savings, savings coupons,
11 and similar returns or credits to payment of premiums for
12 new or additional or extended or renewed insurance, charges
13 for payment of premium in installments, and all other
14 consideration for insurance from all kinds and classes of
15 insurance whether designated as a premium or otherwise,
16 received by it during the preceding calendar year on account
17 of policies covering property, subjects, or risks located,
18 resident, or to be performed in Montana, with proper
19 proportionate allocation of premium as to such property,
20 subjects, or risks in Montana insured under policies or
21 contracts covering property, subjects, or risks located or
22 resident in more than one state, after deducting from such
23 total direct premium income applicable cancellations,
24 returned premiums, the unabsorbed portion of any deposit
25 premium, the amount of reduction in or refund of premiums

1 allowed to industrial life policyholders for payment of
 2 premiums direct to an office of the insurer, all policy
 3 dividends, refunds, savings, savings coupons, and other
 4 similar returns paid or credited to policyholders with
 5 respect to such policies. As to title insurance, "premium"
 6 includes only the risk portion of the charge for such
 7 insurance. No deduction shall be made of the cash surrender
 8 values of policies. Considerations received on annuity
 9 contracts shall not be included in total direct premium
 10 income and shall not be subject to tax.

11 (2) Coincident with the filing of the tax report
 12 referred to in subsection (1) above, each such insurer shall
 13 pay to the commissioner a tax upon such net premiums. This
 14 tax may be computed in either of the following ways:

15 (a) (i) A domestic insurer may choose to compute its
 16 tax based on the percentage of its admitted assets invested
 17 in Montana securities according to the following schedule:

18 (A) $2\frac{3}{4}\%$ of net premiums if the insurer has 0% of
 19 its admitted assets invested in Montana securities;

20 (B) $2\frac{1}{4}\%$ of net premiums if the insurer has at least
 21 25% of its admitted assets invested in Montana securities;

22 (C) $1\frac{3}{4}\%$ of net premiums if the insurer has at least
 23 50% of its admitted assets invested in Montana securities;

24 (D) $1\frac{1}{4}\%$ of net premiums if the insurer has at least
 25 75% of its admitted assets invested in Montana securities;

1 and

2 (E) $3\frac{1}{4}\%$ of net premiums if the insurer has 100% of
 3 its admitted assets invested in Montana securities.

4 (ii) "Admitted assets" are those assets allowed in
 5 33-2-501.

6 (iii) An insurer choosing this method of computation
 7 must itemize its Montana securities on a detailed schedule
 8 attached to its annual tax report.

9 (b) (i) If the method provided for in subsection (a)
 10 is not used, the insurer shall compute its tax at the rate
 11 of $2\frac{3}{4}\%$ of the net premiums.

12 (ii) An insurer choosing this method and having not
 13 less than 50% of its paid-in capital stock invested in
 14 Montana securities is allowed to deduct whatever tax it may
 15 have already paid to the state of Montana and its political
 16 subdivisions, during the same calendar year as to which
 17 premium tax is being paid, from the amount otherwise due
 18 under this section.

19 (3) For the purpose of subsection (2):

20 (a) "paid-in capital stock" as to a mutual or
 21 reciprocal insurer shall be deemed to be an amount equal to
 22 10% of the insurer's assets; and

23 (b) "Montana securities" shall be deemed to include
 24 only general obligations of the state of Montana or of its
 25 political subdivisions, mortgage loans secured by a first

1 lien upon real estate located in Montana, and real estate
2 located in Montana owned by the insurer, all if otherwise
3 lawful investments of the insurer under this code.

4 (4) (a) On or before March 1 of each year each insurer
5 shall file with the commissioner, on forms as prescribed and
6 furnished or accepted by him, a report of its gross
7 underwriting profit on wet marine, INLAND MARINE, and
8 transportation insurance, as-defined authorized in 33-1-209
9 [sections 1 through 9], written in this state during the
10 calendar year next preceding and shall at the same time pay
11 to the commissioner a tax of 3/4 of 1% of such gross
12 underwriting profit.

13 (b) Such gross underwriting profit shall be
14 ascertained by deducting from the net premiums (i.e., gross
15 premiums less all return premiums and premiums for
16 reinsurance) on such wet marine and transportation insurance
17 contracts the net losses paid (i.e., gross losses paid less
18 salvage and recoveries on reinsurance ceded) during such
19 calendar year under such contracts. In the case of insurers
20 issuing participating contracts, such gross underwriting
21 profit shall not include for computation of the tax
22 prescribed by this subsection (3) the amounts refunded,
23 credited, or paid as participation dividends or savings by
24 such insurers to the holders of such contracts.

25 (5) That portion of the tax paid hereunder by an

1 insurer on account of premiums received for fire insurance
2 shall be separately specified in the report as required by
3 the commissioner, for apportionment as provided by law.
4 Where insurance against fire is included with insurance of
5 property against other perils at an undivided premium, the
6 insurer shall make such reasonable allocation from such
7 entire premium to the fire portion of the coverage as shall
8 be stated in such report and as may be approved or accepted
9 by the commissioner.

10 (6) With respect to authorized insurers the premium
11 tax provided by this section shall be payment in full and in
12 lieu of all other demands for any and all state, county,
13 city, district, municipal, and school taxes, licenses, fees,
14 and excises of whatever kind or character, excepting only
15 those prescribed by this code, taxes on real and tangible
16 personal property located in this state, and taxes payable
17 under 50-3-109.

18 (7) The commissioner may suspend or revoke the
19 certificate of authority of any insurer which fails to pay
20 its taxes as required under this section."

21 Section 13. Section 33-17-504, MCA, is amended to
22 read:

23 "33-17-504. Issuing license -- limitations. The
24 commissioner may issue an insurance consultant's license to
25 any natural person who has complied with the requirements of

1 this chapter with respect to either life insurance, meaning
 2 all of those kinds of insurance authorized in 33-1-207,
 3 33-1-208, 33-20-1001, 33-21-103, 33-22-501, and 33-22-601,
 4 or general insurance, meaning all of those kinds of
 5 insurance authorized in 33-1-206, 33-1-207, and 33-1-209
 6 33-1-210 through 33-1-212, and [sections 1 through 9], as
 7 specified in such license."

8 Section 14. Codification instruction. Sections 1
 9 through 9 are intended to be codified as an integral part of
 10 Title 33, chapter 1, part 2, and the provisions of Title 33
 11 apply to sections 1 through 9.

12 ~~Section 15. Repealer. Section 33-1-209, MCA, is~~
 13 ~~repeated.~~

-End-

House amendments to Senate Bill 335:

1. Page 12, line 23.

Following: "~~33-1-209~~"

Insert: "33-1-209 and"

2. Page 16, line 7.

Following: "subsection"

Strike: "(3)"

Insert: "(4)"

3. Page 19, line 7.

Following: "~~wet~~"

Insert: "wet"

4. Page 19, line 8.

Following: "~~33-1-209~~"

Insert: "33-1-209 and"

5. Page 21, line 6.

Strike: "33-1-210"

Insert: "33-1-209"

House amendments to Senate Bill 335:

1. Title, line 9.

Following: "2-18-809,"

Insert: "33-1-209,"

2. Title, line 10.

Following: "33-17-504, MCA"

Strike: "; AND REPEALING SECTION 33-1-209, MCA"

3. Page 13.

Following: line 25 on page 12

Insert: "Section 10. Section 33-1-209, MCA, is amended to read:

"33-1-209. Marine, ~~marine~~ protection and indemnity, and wet marine and ~~transportation~~ insurance. (1) Marine insurance includes:

~~(a) insurance against any and all kinds of loss or damage to:~~

~~(i) vessels, craft, aircraft, cars, automobiles, and vehicles of every kind as well as all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones, securities, choses in action, evidences of debt, valuable papers, bottomry and respondentia interests, and all other kinds of property and interests therein in respect to, appertaining to, or in connection with any and all risks or perils of navigation, transit, or transportation, including war risks, on or under any seas or other waters, on land or in the air, or while being assembled, packed, crated, baled, compressed, or similarly prepared for shipment or while awaiting the same or during any delays, storage, transshipment, or reshipment, incident thereto, including marine builder's risks and all personal property floater risks;~~

~~(ii) person or to property in connection with or appertaining to a marine, inland marine, transit, or transportation insurance, including liability for loss of or damage to either, arising out of or in connection with the construction, repair, operation, maintenance, or use of the subject matter of such insurance but not including life insurance, surety bonds, or insurance against loss by reason of bodily injury to the person arising out of the ownership, maintenance, or use of automobiles;~~

~~(iii) precious stones, jewels, jewelry, gold, silver, and other precious metals, whether used in business or trade or otherwise and whether the same be in course of transportation or otherwise; and~~

~~(iv) bridges, tunnels, and other instrumentalities of transportation and communication, excluding buildings, their furniture and furnishings, fixed contents, and supplies held in storage, unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot, and/or civil commotion are the only hazards to be covered; piers, wharves, docks, and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot, and/or civil commotion; other aids to navigation and transportation, including dry docks and marine railways, against all risks;~~

~~(b)~~ marine protection and indemnity insurance, meaning insurance against, or against legal liability of the insured for, loss, damage, or expense arising out of or incident to the ownership, operation, chartering, maintenance, use, repair, or construction of any vessel, craft, or instrumentality in use in ocean or inland waterways, including liability of the insured for personal injury, illness, or death or for loss of or damage to the property of another person.

(2) For the purposes of this code wet marine and transportation insurance is that part of marine insurance which includes only:

(a) insurance upon vessels, crafts, and hulls and of interests therein or with relation thereto;

(b) insurance of marine builders' risks, marine war risks, and contracts of marine protection and indemnity insurance;

(c) insurance of freights and disbursements pertaining to a subject of insurance coming within this subsection; and

(d) insurance of personal property and interests therein, in course of exportation from or importation into any country and in course of transportation coastwise or on inland waters, including transportation by land, water, or air from point of origin to final destination, in respect to, appertaining to, or in connection with any and all risks or perils of navigation, transit, or transportation while being prepared for and while awaiting shipment and during any delays, storage, transshipment, or reshipment incident thereto.""

Renumber: subsequent sections.

4. Page 18, lines 13 and 14.

Following: line 12

Strike: section 14 in its entirety.

SENATE BILL NO. 335

INTRODUCED BY HAZELBAKER

BY REQUEST OF THE INSURANCE DEPARTMENT

A BILL FOR AN ACT ENTITLED: "AN ACT TO ADOPT A NEW
DEFINITION OF MARINE, INLAND MARINE, AND TRANSPORTATION
INSURANCE; DESCRIBING THE KINDS OF RISKS AND COVERAGES THAT
MAY BE INSURED BY MARINE, INLAND MARINE, OR TRANSPORTATION
INSURANCE POLICIES; AMENDING SECTIONS 2-18-809, 33-1-209,
33-2-705, AND 33-17-504, ~~MCA~~ ~~AND~~ ~~REPEALING~~ ~~SECTION~~
~~33-1-209, MCA.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Short title. [Sections 1
through 9] may be cited as the "Nationwide Inland Marine
Definition Act".

NEW SECTION. Section 2. Purpose. (1) The purpose of
[sections 1 through 9] is to describe the kinds of risks and
coverages which may be classified or identified under state
insurance laws as marine, inland marine, or transportation
insurance, but [sections 1 through 9] do not include all of
the kinds of risks and coverages which may be written,
classified, or identified under marine, inland marine, or
transportation insuring powers. [Sections 1 through 9] may
not be construed to mean that the kinds of risks and

coverages described herein are solely marine, inland marine,
or transportation insurance in all instances.

(2) [Sections 1 through 9] may not be construed to
restrict or limit in any way the exercise of any insuring
powers granted under charters and licenses whether used
separately, in combination, or otherwise.

NEW SECTION. Section 3. Imports. Imports may be
covered by marine, inland marine, and transportation
policies subject to the following conditions:

(1) Imports are covered wherever they are located,
without restriction as to time, provided the coverage of the
issuing companies includes hazards of transportation.

(2) Property is an import and the proper subject of
marine, inland marine, or transportation insurance as long
as the property remains segregated in such a way that it can
be identified and has not become incorporated into and mixed
with the general mass of property in the United States;
property ceases to be an import and the proper subject of
marine, inland marine, or transportation insurance when it
has been:

(a) sold and delivered by the importer, factor, or
consignee;

(b) removed from its place of storage and placed on
sale as part of an importer's stock in trade at a point of
sale or distribution; or

(c) delivered for manufacture, processing, or change in form to premises of the importer or another, to be used for such purposes.

NEW SECTION. Section 4. Exports. Exports may be covered by marine, inland marine, and transportation policies subject to the following conditions:

(1) Exports are covered wherever they are located, without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation.

(2) Property is an export and the proper subject of marine, inland marine, or transportation insurance when designated or while being prepared for export and remains an export unless diverted for domestic trade. If the property is diverted for domestic trade, the provisions of [section 5] apply. This section does not apply to long established methods of insuring certain commodities such as cotton.

NEW SECTION. Section 5. Domestic shipments. Domestic shipments may be covered by marine, inland marine, and transportation policies subject to the following conditions:

(1) Domestic shipments on consignment for sale, distribution, exhibit, trial, approval, or auction may be covered while in transit, while in the custody of others, and while being returned, except that the policy may not cover property while it is on premises owned, leased, or operated by the consignor.

(2) Domestic shipments not on consignment may be covered if the coverage of the issuing companies includes hazards of transportation beginning and ending within the United States. Such shipments are not covered at the manufacturing premises or after arrival at premises owned, leased, or operated by the assured or the purchaser.

NEW SECTION. Section 6. Instrumentalities of transportation and commerce. Bridges, tunnels, and other instrumentalities of transportation and communication (excluding buildings and improvements, furniture, furnishings, fixed contents, and supplies held in storage) may be covered by marine, inland marine, and transportation policies. This category includes:

(1) bridges, tunnels, and other similar instrumentalities, including auxiliary facilities and equipment attendant thereto;

(2) piers, wharves, docks, slips, drydocks, and marine railways;

(3) pipelines, including on-line propulsion, regulating, and other equipment appurtenant to such pipelines but excluding all property at manufacturing, producing, refining, converting, treating, or conditioning plants;

(4) power transmission, telephone, and telegraph lines, excluding all property at generating, converting, or

transforming stations, substations, and exchanges;

(5) radio and television communication equipment in use as such, including towers and antennas with auxiliary equipment, and appurtenant electrical operating and control apparatus; and

(6) outdoor cranes, loading bridges, and similar equipment used to load, unload, and transport.

NEW SECTION. Section 7. Personal property. Risks generally covered by personal property floaters covering individuals or items of personal property may be covered by marine, inland marine, and transportation policies. This category includes:

(1) personal effects floater policies;

(2) personal property floaters;

(3) government service floaters;

(4) personal fur floaters;

(5) personal jewelry floaters;

(6) wedding present floaters for a period not exceeding 90 days after the date of the wedding;

(7) silverware floaters;

(8) fine arts floaters covering paintings, etchings, pictures, tapestries, art glass windows, and other bona fide works of art of rarity, historical value, or artistic merit;

(9) stamp and coin floaters;

(10) musical instrument floaters. For purposes of this

section, radios, televisions, record players, and combinations thereof are not musical instruments.

(11) mobile articles, machinery, and equipment floaters (excluding motor vehicles designed for highway use and motor homes, trailers, and semitrailers except when hauled by tractors not designed for highway use) covering identified property of a mobile or floating nature pertaining to or usual to a household. Such policies shall not cover furniture and fixtures not customarily used away from premises where such property is usually kept.

(12) installment sales and leased property policies covering property pertaining to a household and sold under conditional contract of sale, partial payment contract, or installment sales contract or leased but excluding motor vehicles designed for highway use. Such policies must cover property in transit but shall not extend beyond the termination of the seller's or lessor's interest; and

(13) live animal floaters.

NEW SECTION. Section 8. Commercial property. Risks generally covered by commercial property floaters covering property pertaining to a business, profession, or occupation may be covered by marine, inland marine, and transportation policies. This category includes:

(1) radium floaters;

(2) physicians' and surgeons' instrument floaters.

1 Such policies may include coverage of such furniture,
2 fixtures, and tenant assured's interest in such improvements
3 of buildings as are located in that portion of the premises
4 occupied by the assured in the practice of his profession.

5 (3) pattern and die floaters;

6 (4) theatrical floaters, excluding buildings and
7 improvements, furniture, and fixtures that do not travel
8 about with theatrical troupes;

9 (5) film floaters, including a builders' risk during
10 the production and coverage on completed negatives,
11 positives, and sound records;

12 (6) salesmen's samples floaters;

13 (7) exhibition policies on property while it is on
14 exhibition and in transit to or from such exhibitions;

15 (8) live animal floaters;

16 (9) builders' risks and installation risks policies
17 covering the interest of owner, seller, or contractor
18 against loss or damage to machinery, equipment, building
19 materials, or supplies being used with and during the course
20 of installation, testing, building, renovating, or
21 repairing. These policies may cover property at points or
22 places where work is being performed, while in transit, and
23 during temporary storage or deposit of property designated
24 for an awaiting specific installation, building, renovating
25 or repairing. Such coverage is limited to builders' risks

1 or installation risks where perils in addition to fire and
2 extended coverage are to be insured. If written for the
3 account of the owner, the coverage ceases upon completion of
4 work and acceptance thereof; or if written for the account
5 of a seller or contractor the coverage terminates when the
6 interest of the seller or contractor terminates.

7 (10) mobile articles, machinery, and equipment floaters
8 (excluding motor vehicles designed for highway use and ~~auto~~
9 MOTOR homes, trailers, and semitrailers except when hauled
10 by tractors not designed for highway use and snowplows
11 constructed exclusively for highway use) covering identified
12 property of a mobile or floating nature, not on sale or
13 consignment or in the course of manufacture, that has come
14 into custody or control of parties who intend to use such
15 property for which it was manufactured or created. Such
16 policies may not cover furniture and fixtures not
17 customarily used away from premises where such property is
18 usually kept.

19 (11) property in transit to or from and in the custody
20 of bailees (not owned, controlled, or operated by the
21 bailor), but such policies may not cover the bailee's
22 property at his premises.

23 (12) installment sales and leased property policies
24 covering property sold under conditional contract of sale,
25 partial payment contract or installment sales contract or

1 leased, but excluding motor vehicles designed for highway
2 use. These policies must cover property in transit but may
3 not extend beyond the termination of the seller's or
4 lessor's interest. This subsection does not include
5 machinery and equipment under certain "lease-back"
6 contracts.

7 (13) garment contracts' floaters;

8 (14) furriers' or fur storers' customer's policies,
9 which are policies under which certificates or receipts are
10 issued by furriers or fur storers, covering specified
11 articles that are the property of customers;

12 (15) accounts receivable policies and valuable papers
13 and records policies;

14 (16) floor plan policies, covering property for sale
15 while in possession of dealers under a floor plan or any
16 similar plan under which the dealer borrows money from a
17 bank or lending institution to pay the manufacturer, if:

18 (a) the merchandise is specifically identifiable as
19 encumbered to the bank or lending institution;

20 (b) the dealer's right to sell or otherwise dispose of
21 the merchandise is conditioned upon its being released from
22 encumbrance by the bank or lending institution; and

23 (c) the policies cover property in transit and do not
24 extend beyond the termination of the dealer's interest;

25 (17) sign and street clock policies, including neon

1 signs, automatic or mechanical signs, and street clocks,
2 while in use as such;

3 (18) fine arts policies covering paintings, etchings,
4 pictures, tapestries, art glass windows and other bona fide
5 works of art of rarity, historical value or artistic merit,
6 for account of museums, galleries, universities, businesses,
7 municipalities, and other similar interests;

8 (19) policies covering personal property, which may
9 include coverage of money in locked safes or vaults on the
10 assured's premises and may also include coverage of
11 furniture, fixtures, tools, machinery, patterns, molds,
12 dies, and a tenant insured's interest in improvements of
13 buildings, which when sold to the ultimate purchaser may be
14 covered specifically by the owner under inland marine
15 policies including:

16 (a) musical instrument dealers' policies, covering
17 property consisting principally of musical instruments and
18 their accessories, but radios, televisions, record players,
19 and combinations of them are not musical instruments for the
20 purposes of this subsection.

21 (b) camera dealers' policies covering property
22 consisting principally of cameras and their accessories;

23 (c) furrier dealers' policies covering property
24 consisting principally of furs and fur garments;

25 (d) equipment dealers' policies covering mobile

1 equipment consisting of binders, reapers, tractors,
2 harvesters, harrows, tedders, and other similar agricultural
3 equipment and accessories therefor; construction equipment
4 consisting of bulldozers, road scrapers, tractors,
5 compressors, pneumatic tools, and similar equipment and
6 accessories therefor, but excluding motor vehicles designed
7 for highway use;

8 (e) stamp and coin dealers' policies covering property
9 of philatelic and numismatic nature;

10 (f) jewelers' block policies; and

11 (g) fine arts dealers' policies;

12 (20) wool growers' floaters;

13 (21) domestic bulk liquids policies covering tanks and
14 domestic bulk liquids stored therein;

15 (22) "difference in conditions" coverage, excluding
16 fire and extended coverage perils; and

17 (23) electronic data processing policies.

18 NEW SECTION. Section 9. Exceptions. Unless otherwise
19 permitted, nothing in [sections 3 through 9] may be
20 construed to permit marine, inland marine, or transportation
21 insurance policies to cover:

22 (1) storage of an assured's merchandise, except as
23 specifically provided;

24 (2) merchandise in the course of manufacture which is
25 the property of and on the premises of the manufacturer;

1 (3) furniture, fixtures, and improvements to
2 buildings; or

3 (4) money or securities in safes, vaults, safety
4 deposit vaults, or banks or on the assured's premises,
5 except while in the course of transportation.

6 Section 10. Section 2-18-809, MCA, is amended to read:

7 "2-18-809. Definitions. As used in this part, the
8 following definitions apply:

9 (1) "Advisory council" means the state employee group
10 benefits advisory council provided for in 2-15-1016.

11 (2) "Department" means the department of
12 administration provided for in 2-15-1001.

13 (3) "State employee" means an employee of the state,
14 specifically including a member or employee of the
15 legislative branch of state government. The term "state
16 employee" does not include employees of counties, cities,
17 towns, school districts, or the Montana university system.

18 (4) "Group benefits" means group hospitalization,
19 health, medical, surgical, disability, life, and other
20 similar and related group benefits provided to officers and
21 employees of the state. The term "group benefits" does not
22 include casualty insurance, defined in 33-1-206; marine
23 insurance, defined authorized in 33-1-209 33-1-209 AND
24 [sections 1 through 9]; property insurance, defined in
25 33-1-210; surety insurance, defined in 33-1-211; and title

insurance, defined in 33-1-212."

SECTION 11. SECTION 33-1-209, MCA, IS AMENDED TO READ:

"33-1-209. Marine--marine protection and indemnity and wet marine and--transportation insurance. (1) Marine insurance includes:

(a)--insurance-against-any-and-all-kinds-of-loss-or damage-to:

(i)--vessels--crafts--aircrafts--cars--automobiles--and vehicles-of-every-kind--as--well--as--all--goods--freights--cargoes--merchandise--effects--disbursements--profits--money--bullion--precious--stones--securities--chests--in actions--evidences--of--debt--valuable-papers--bottomry--and respondentia--interests--and--all--other-kinds-of-property--and interests--therein--in--respect--to--appertaining--to--or--in connection--with--any--and--all--risks--or--perils--of--navigation, transit--or--transportation--including-war-risks--on--or--under any--seas--or--other-waters--on--land--or--in--the-air--or--while being--assembled--packed--crated--baled--compressed--or similarly--prepared--for--shipment--or--while--awaiting--the--same or--during--any--delays--storage--transshipment--or--reshipment, incident--thereto--including-marine-builder's-risks--and--all personal-property-floater-risks;

(ii)--person--or--to--property--in--connection--with--or appertaining--to--a--marine--inland-marine--transit--or transportation-insurance--including-liability-for-loss-of-or

damage--to--either--arising-out-of--or--in--connection--with--the construction--repair--operation--maintenance--or--use--of--the subject--matter--of--such--insurance--but--not--including--life insurance--surety-bonds--or--insurance--against--loss--by--reason of--bodily-injury--to--the--person--arising-out-of--the--ownership maintenance--or--use--of--automobiles;

(iii)--precious-stones--jewels--jewelry--gold--silver and--other--precious-metals--whether-used--in--business--or--trade or--otherwise--and--whether--the--same--be--in--course--of transportation--or--otherwise--and

(iv)--bridges--tunnels--and--other--instrumentalities--of transportation--and--communication--excluding--buildings--their furniture--and--furnishings--fixed--contents--and--supplies--held in--storage--unless--fire--tornado--sprinkler-leakage--hail explosion--earthquake--riot--and/or--civil--commotion--are--the only--hazards--to--be--covered--piers--wharves--docks--and slips--excluding--the--risks--of--fire--tornado--sprinkler leakage--hail--explosion--earthquake--riot--and/or--civil commotion--other--aids--to--navigation--and--transportation, including--dry-docks--and--marine-railways--against--all--risks;

(b) marine protection and indemnity insurance, meaning insurance against, or against legal liability of the insured for, loss, damage, or expense arising out of or incident to the ownership, operation, chartering, maintenance, use, repair, or construction of any vessel, craft, or

1 instrumentality in use in ocean or inland waterways,
2 including liability of the insured for personal injury,
3 illness, or death or for loss of or damage to the property
4 of another person.

5 (2) For the purposes of this code wet marine and
6 transportation insurance is that part of marine insurance
7 which includes only:

8 (a) insurance upon vessels, crafts, and hulls and of
9 interests therein or with relation thereto;

10 (b) insurance of marine builders' risks, marine war
11 risks, and contracts of marine protection and indemnity
12 insurance;

13 (c) insurance of freights and disbursements pertaining
14 to a subject of insurance coming within this subsection; and

15 (d) insurance of personal property and interests
16 therein, in course of exportation from or importation into
17 any country and in course of transportation coastwise or on
18 inland waters, including transportation by land, water, or
19 air from point of origin to final destination, in respect
20 to, appertaining to, or in connection with any and all risks
21 or perils of navigation, transit, or transportation while
22 being prepared for and while awaiting shipment and during
23 any delays, storage, transshipment, or reshipment incident
24 thereto."

25 Section 12. Section 33-2-705, MCA, is amended to read:

1 "33-2-705. Report on premiums and other consideration
2 -- tax. (1) Each authorized insurer and each formerly
3 authorized insurer with respect to premiums so received
4 while an authorized insurer in this state shall file with
5 the commissioner, on or before March 1 each year, a report
6 (except as to wet marine and transportation insurance taxed
7 under subsection ~~(3)~~ (4) below) in form as prescribed by the
8 commissioner showing total direct premium income, including
9 policy, membership, and other fees, premiums paid by
10 application of dividends, refunds, savings, savings coupons,
11 and similar returns or credits to payment of premiums for
12 new or additional or extended or renewed insurance, charges
13 for payment of premium in installments, and all other
14 consideration for insurance from all kinds and classes of
15 insurance whether designated as a premium or otherwise
16 received by it during the preceding calendar year on account
17 of policies covering property, subjects, or risks located
18 resident, or to be performed in Montana, with proper
19 proportionate allocation of premium as to such property,
20 subjects, or risks in Montana insured under policies or
21 contracts covering property, subjects, or risks located or
22 resident in more than one state, after deducting from such
23 total direct premium income applicable cancellations,
24 returned premiums, the unabsorbed portion of any deposit
25 premium, the amount of reduction in or refund of premiums

1 allowed to industrial life policyholders for payment of
2 premiums direct to an office of the insurer, all policy
3 dividends, refunds, savings, savings coupons, and other
4 similar returns paid or credited to policyholders with
5 respect to such policies. As to title insurance, "premium"
6 includes only the risk portion of the charge for such
7 insurance. No deduction shall be made of the cash surrender
8 values of policies. Considerations received on annuity
9 contracts shall not be included in total direct premium
10 income and shall not be subject to tax.

11 (2) Coincident with the filing of the tax report
12 referred to in subsection (1) above, each such insurer shall
13 pay to the commissioner a tax upon such net premiums. This
14 tax may be computed in either of the following ways:

15 (a) (i) A domestic insurer may choose to compute its
16 tax based on the percentage of its admitted assets invested
17 in Montana securities according to the following schedule:

18 (A) 2 3/4% of net premiums if the insurer has 0% of
19 its admitted assets invested in Montana securities;

20 (B) 2 1/4% of net premiums if the insurer has at least
21 25% of its admitted assets invested in Montana securities;

22 (C) 1 3/4% of net premiums if the insurer has at least
23 50% of its admitted assets invested in Montana securities;

24 (D) 1 1/4% of net premiums if the insurer has at least
25 75% of its admitted assets invested in Montana securities;

1 and

2 (E) 3/4% of net premiums if the insurer has 100% of
3 its admitted assets invested in Montana securities.

4 (ii) "Admitted assets" are those assets allowed in
5 33-2-501.

6 (iii) An insurer choosing this method of computation
7 must itemize its Montana securities on a detailed schedule
8 attached to its annual tax report.

9 (b) (i) If the method provided for in subsection (a)
10 is not used, the insurer shall compute its tax at the rate
11 of 2 3/4% of the net premiums.

12 (ii) An insurer choosing this method and having not
13 less than 50% of its paid-in capital stock invested in
14 Montana securities is allowed to deduct whatever tax it may
15 have already paid to the state of Montana and its political
16 subdivisions, during the same calendar year as to which
17 premium tax is being paid, from the amount otherwise due
18 under this section.

19 (3) For the purpose of subsection (2):

20 (a) "paid-in capital stock" as to a mutual or
21 reciprocal insurer shall be deemed to be an amount equal to
22 10% of the insurer's assets; and

23 (b) "Montana securities" shall be deemed to include
24 only general obligations of the state of Montana or of its
25 political subdivisions, mortgage loans secured by a first

1 lien upon real estate located in Montana, and real estate
2 located in Montana owned by the insurer, all if otherwise
3 lawful investments of the insurer under this code.

4 (4) (a) On or before March 1 of each year each insurer
5 shall file with the commissioner, on forms as prescribed and
6 furnished or accepted by him, a report of its gross
7 underwriting profit on ~~wet WEI~~ marine, INLAND MARINE, and
8 transportation insurance, ~~as defined~~ authorized in 33-1-209
9 33-1-209 AND [sections 1 through 9], written in this state
10 during the calendar year next preceding and shall at the
11 same time pay to the commissioner a tax of 3/4 of 1% of such
12 gross underwriting profit.

13 (b) Such gross underwriting profit shall be
14 ascertained by deducting from the net premiums (i.e., gross
15 premiums less all return premiums and premiums for
16 reinsurance) on such wet marine and transportation insurance
17 contracts the net losses paid (i.e., gross losses paid less
18 salvage and recoveries on reinsurance ceded) during such
19 calendar year under such contracts. In the case of insurers
20 issuing participating contracts, such gross underwriting
21 profit shall not include for computation of the tax
22 prescribed by this subsection (3) the amounts refunded,
23 credited, or paid as participation dividends or savings by
24 such insurers to the holders of such contracts.

25 (5) That portion of the tax paid hereunder by an

1 insurer on account of premiums received for fire insurance
2 shall be separately specified in the report as required by
3 the commissioner, for apportionment as provided by law.
4 Where insurance against fire is included with insurance of
5 property against other perils at an undivided premium, the
6 insurer shall make such reasonable allocation from such
7 entire premium to the fire portion of the coverage as shall
8 be stated in such report and as may be approved or accepted
9 by the commissioner.

10 (5) With respect to authorized insurers the premium
11 tax provided by this section shall be payment in full and in
12 lieu of all other demands for any and all state, county,
13 city, district, municipal, and school taxes, licenses, fees,
14 and excises of whatever kind or character, excepting only
15 those prescribed by this code, taxes on real and tangible
16 personal property located in this state, and taxes payable
17 under 50-3-109.

18 (7) The commissioner may suspend or revoke the
19 certificate of authority of any insurer which fails to pay
20 its taxes as required under this section."

21 Section 13. Section 33-17-504, MCA, is amended to
22 read:

23 "33-17-504. Issuing license -- limitations. The
24 commissioner may issue an insurance consultant's license to
25 any natural person who has complied with the requirements of

1 this chapter with respect to either life insurance, meaning
 2 all of those kinds of insurance authorized in 33-1-207,
 3 33-1-208, 33-20-1001, 33-21-103, 33-22-501, and 33-22-601,
 4 or general insurance, meaning all of those kinds of
 5 insurance authorized in 33-1-206, 33-1-207, and--33-1-209
 6 ~~33-1-210~~ 33-1-209 through 33-1-212, and [sections 1 through
 7 2], as specified in such license."

8 Section 14. Codification instruction. Sections 1
 9 through 9 are intended to be codified as an integral part of
 10 Title 33, chapter 1, part 2, and the provisions of Title 33
 11 apply to sections 1 through 9.

12 Section 14. Repealer. Section 33-1-209, MCA, is
 13 repealed.

-End-